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THE MAGAZINE FOR DEMAND-DRIVEN LOGISTICS • JULY 2008

Annual Third-Party Logistics Issue

(3PL)ements

Change Agents
3PLs Transform Business

Analyzing 3PL Trends
Exclusive Market Insight and Perspectives

Periodic Table of 3PLs
The Top 100 Providers: Who they are, what they do

Supply Chain Reaction
Readers Choose the Top 10 3PLs

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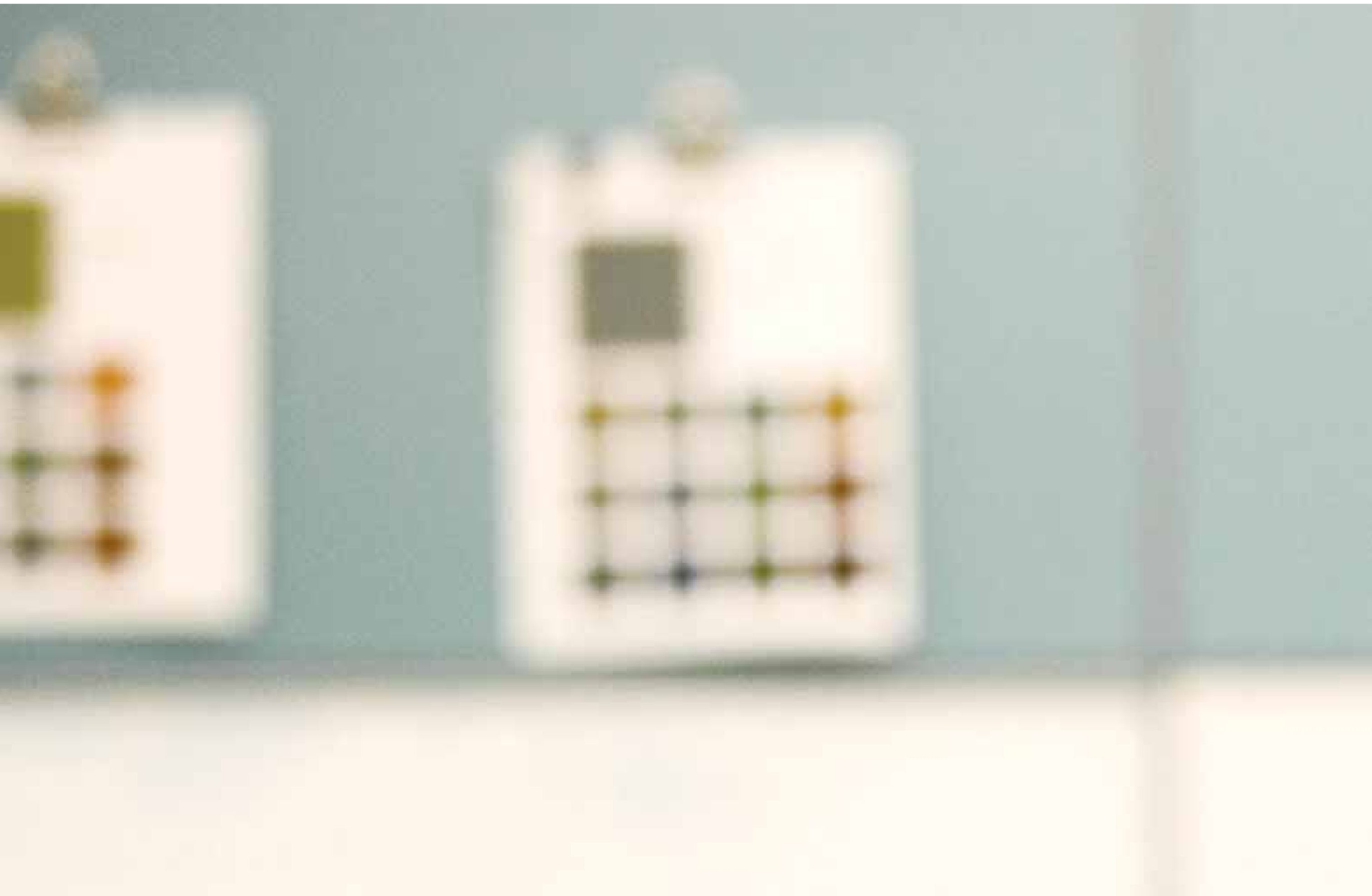

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INSIGHT

INPRACTICE

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INBRIEF

INFO

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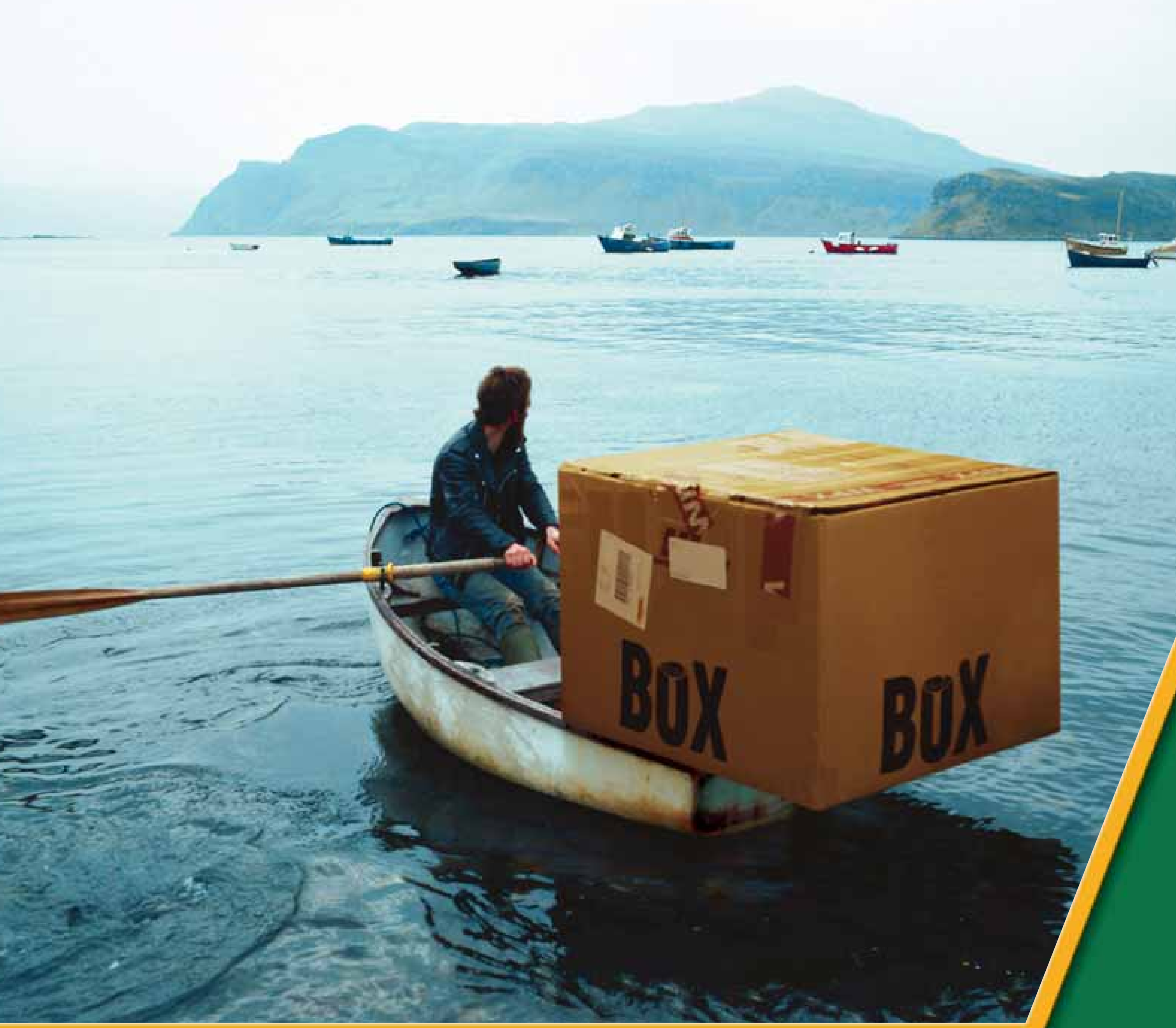
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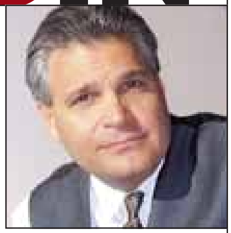
CHECKING IN



Keith Biondo

by Keith Biondo | **Publisher**

Supply Chain Bifocalism: Go Short or Long?

When economic times get tight, even the most visionary business logistics managers feel pressure to set strategic goals aside and focus on savings derived from process optimization and operational ROI. Are you balancing strategic with tactical plays as you head down the field to the goal line of supply chain efficiency? Consider these questions:

Q: Are you continuing to build strong vendor relationships to find and share supply chain savings? Or, is there a blitz on initiatives to cut transportation costs? And, in an economy that creates demand volatility for your products, are you using demand-driven logistics techniques across the value chain? Or are you bullying your vendors, pushing back inventory exposure to the extent that you damage those supplier relationships, and even their business?

Q: Even in a down economy, is your focus on forging long-term relationships with your carriers, 3PLs, and vendors by building mutually beneficial collaboration? Do you share ideas to take costs out of the value chain, wherever they are? Or are you in constant conflict with your service providers and carriers to cut rates on every single transaction?

Q: Are you moving forward with enterprise initiatives to tear down functional silos and get a better handle on the total cost of logistics ownership? Or is that silo starting to look warm and cozy about now?

In a down economy, going only for tactical short yardage will move you down the field. But, if you also keep your eye on strategically going long, you can post bigger numbers on the board. Metrics for measuring tactical ROI are clearly definable: If you save money on transport, you money on transport. In an environment of constricting opportunities, the pressure is on to achieve more definable cost reductions rather than nebulous ROI from initiatives to increase things like agility, adaptability, and enterprise transformation. Resist it.

This tension between strategic and tactical strategies is always present, but grows starker in lean times. Perhaps the thinking is that when times get flush again, you can jump-start your strategic initiatives. Hmm…maybe. But the visionary/tactical bullwhip effect makes it extremely difficult to marshal buy-in from vendors, carriers, and 3PLs for strategic goals after you've been menacing them over each transaction.

Naturally, the importance of this tactical/strategic tension depends on the type and size of your business. But if your business is under stress, resist the impulse to go for short-term logistics ROI. It has to be a question of balance. We are not arguing for supply chain stoicism; we live in the real world. But times will get better, and the best game plan for the long haul, and the most effective way to advance down the field, is to keep your eye on both short and long yardage opportunities at the same time. ■

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CHECKINGIN

Felecia Stratton

by Felecia Stratton | **Editor**

Change: Count On It

In my 25 years with *Inbound Logistics*, I can recall few times of such rapid change. One was the dot.com era and the promise that new technology would help us make our logistics networks more efficient and our companies more responsive to customer demands. Another was the advent and meteoric growth of the 3PL segment during the late 1980s and early 1990s. Both were changes driven by optimism and confidence. Much of the change today, however, is driven by the reality of our turbulent economic condition. (For a look at the cold, hard facts of the economic downturn and its effect on supply chain practices, see the *State of Logistics Report* recap, page 26.)

The need to continuously adapt and change, no matter what the catalyst, is a constant challenge to business logistics managers. "Positioning and planning for the future is contingent on how we strategize for a surge in business, not a slump in business," agrees Kevin Smith, senior vice president, supply chain and logistics, CVS Corporation. Accordingly, the constancy of change is also a theme woven through this issue.

Sometimes change starts at the top, as you'll read in *From the Backroom to the Boardroom: Logistics Gets on the Agenda (page 72)*. Executive attitude sets the tone for transformation to a supply chain-oriented culture, and can have sea-change repercussions on how businesses intrinsically change to support best logistics practices.

Other times logistics changes can have a personal impact. For instance, I love to eat, but hate to cook. So I was thrilled to find my favorite Bertolli pasta sauce now available in microwavable pouches. Thirty seconds and ding, dinner's ready! Did Unilever change its pasta sauce packaging to make my life easier? Well, maybe a little. But mostly they did it to become a better environmental steward, which also pays dividends in reducing packaging, waste, inefficiency, and cost, as you'll see in Bill Atkinson's article *Waste Not, Want Not (page 146)*.

Amidst this rapidly morphing business environment, 3PLs remain a steadfast force for change. In the 1980s and 1990s, 3PLs and their visionary customers were logistics explorers. They pushed the boundaries of what was possible, tearing down functional silos, and advancing from providing simple contract warehousing, freight forwarding, and truck leasing services to managing sophisticated demand-driven supply chains.

In *3PLements: Outsourcing = A Formula for Change (page 96)*, Amy Roach Partridge reveals how 3PLs and their customers harness the power of people, process, and technology to become positive forces for change.

3PL Perspectives, our annual survey of the $100 billion-plus 3PL segment *(page 107)*, documents plenty of change, extending you the chance to gauge its trend lines for strategic decision support.

And, in recognition of the vital role 3PLs play in supply chain management, we also present our annual *3PL Market Insight Survey*, offering perspective into who 3PLs serve, how their roles are changing, and what factors affect them most.

Finally, we deliver a list of the sector's best entities in our Top 100 3PL Providers list, a resource you'll find handy as you explore your own 3PL needs. And every year is an election year at *Inbound Logistics*, as we tally your votes for the Top 10 3PL Excellence Awards. You'll find a profile of this year's all-stars on page 138.

Leading logistics partners and carriers–even vendors and customers–can help navigate logistics and supply chain changes in ways you expect. But, given the current global economic climate, keep an eye out for ways they can act as business process change agents. ■

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10TIPS

STEP-BY-STEP SOLUTIONS

by Deborah Catalano Ruriani

How to Request 3PL Proposals

Thoroughness and honesty are the keys to a successful 3PL request for proposal (RFP) bid process, according to Will O'Shea, chief sales and marketing officer for Atlanta, Ga.-based logistics provider 3PD Inc. Here are his tips for getting the best results from your 3PL RFP.

1 **Be selective.** If you send out RFPs in a cattle call, your candidates may not participate or respond with their "A" game. Nor will your internal team be able to dedicate the proper time to evaluating each response.

2 **Do your homework first.** Issue a Request for Information (RFI), which is less time-consuming to construct and respond to than an RFP. Use the data you collect to create a short list of five or fewer candidates for your RFP.

3 **Know your performance objectives.** Solicit input from all the key players in your supply chain about the performance, pricing, and productivity levels they hope to achieve through outsourcing.

4 **Standardize.** Many 3PLs urge companies to leave room for creativity in their RFPs so they have the latitude to craft a more effective solution. But don't structure your RFP so loosely that you can't compare one 3PL to another. Spell out your goals and objectives in clear, concise language and urge providers to respond to the same questions in the same way. You'll avoid being swayed by the provider with the best gift of gab over the one that's the right fit for your challenge.

5 **Introduce yourself.** Expect your 3PL candidates to have a high level of knowledge about your industry or a particular service/geographic area. But don't expect them to know everything about your company, especially if it isn't a household name. Provide candidates with pertinent facts about your organization and its supply chain challenges.

6 **Be discrete.** With a binding two-way confidentiality agreement during the RFP process, your candidates can be confident that what they say goes no further than your selection committee. It keeps the selection process from interfering with current day-to-day supply chain activities, especially those being performed by 3PL personnel who might be affected by the outcome.

7 **Ask better questions.** Don't ask the same old tired RFP questions. Weed out the weak ones, refine the keepers, and add some new ones to inspire insightful answers. Two suggestions: "Share a situation with a client that didn't go as well as you'd hoped and explain how you worked through it" and "Show us a process map of how you'd fulfill a typical order for one of your current clients."

8 **Value corporate compatibility.** Finding a 3PL whose corporate values and philosophies are compatible with yours is essential. Build specific questions into your RFP to get to the heart of this issue.

9 **Keep it real.** Be realistic about how long you give candidates to prepare a response. It takes time for 3PLs to run optimizations and simulations, particularly if they're creating multiple iterations.

10 **Don't believe everything you read.** An RFP is just one step toward finding the 3PL that's right for your company. Make every effort to conduct at least one thorough site visit and have some face time to make sure the 3PL hype lives up to the reality. ■

BUILT Ford TOUGH

DIALOG

LETTERS TO THE EDITO

Gulf War Guns For Hire

In your April issue, you ran an ad referring to hiring Gulf War veterans. We are very interested in these fine young men and women as potential hires. Can you tell me if there is a central location we might reference in taking the first step?

Kevin Margeson, president, Commercial Warehousing

Editor Replies: Here are two Web sites that can help you locate experienced logistics veterans: Mark Baird's Web site, hirepatriots.com, and the U.S. Department of Labor's Veterans' Employment and Training Service, hirevetsfirst.gov.

Vendor Managed Machinations

We have been doing our own version of vendor managed inventory (VMI) for several years by using domestic suppliers. We have now started to reach out to our international supply base. We know that the best practice is to have suppliers pay for freight until final destination. Currently, our Japanese suppliers ship parts to a Peachtree City, Ga., third-party warehouse that they pay for; we pay for the product when it leaves the warehouse. We assume freight costs from Japan to the warehouse, as well as customs clearance and all other associated charges.

I'm curious: How are most companies doing international VMI in regards to freight terms? Does the supplier pay the freight and re-bill to the buyer or can we pay the freight and have them ship to a third-party warehouse? Our customs and legal groups say we cannot do this because the inventory belongs to the supplier up front, transfers to our freight carrier, then goes back to the supplier using the local third-party warehouse. I see no good reason why we cannot, and suspect it is a preference on legal's part rather than a matter of feasibility.

Dustin S. Maddox, senior planning administrator, Panasonic Automotive Systems Company of America

Editor Replies: Your legal department is right. If you pay for transport on product you don't technically own, you're first in line to get sued should something go awry. You can handle this in a few ways. One approach is to have your vendor keep control of the product, shipping it prepaid to your U.S.-based 3PL, strictly following your routing instructions to keep transportation costs low. When you pull and take possession of product, your 3PL then bills you for the proportional transport and product cost. Another approach is to have your 3PL take possession of the product at the point of origin–negotiating with your vendor for better terms based on the reduction in transport cost/liability–and deliver product to you as needed in the United States with the same billing arrangement as above.

Here's some additional advice from Stewart Dunsmore, senior vice president business development, Kuehne+Nagel Lead Logistics Solutions: "Legal personnel often prefer a clean process, one with less liability that meets Sarbanes-Oxley compliance, where the supplier is responsible for both freight and handling to demand source. Some shippers logistically don't want transportation to be calculated into the cost of goods because, over time, they lose control over that specific cost element."

Some shippers turn to VMI programs, where a 4PL manages the freight bill and payment for the inbound supply, and bills the supplier or customer for those services, Dunsmore adds. The shipper maintains control over freight selection and negotiations, and the 4PL manages product movement under those contracts.

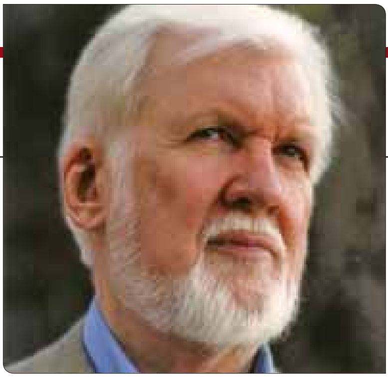
POWER TO THE PLANNER

Readers say they like *Inbound Logistics'* January Planner issue, and we're proud to have confirmation from publishing professionals.

Our January 2007 issue, *People: The Power Behind the Supply Chain*, recently garnered a Bronze Award for "Best Single Issue" from Trade, Association and Business Publications International (TABPI).

The fifth-annual awards presentation, which celebrates editorial and design excellence in English-language b2b publications worldwide, featured more than 700 entries, with nominations coming from the United States, Canada, Europe, and other countries around the globe.

IL also received design accolades for two other issues. You can view the winning designs at inboundlogistics.com/awards



[SCPERSPECTIVES]

BY ROBERT A. MALONE
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Fuel for Thought

The current fuel-cost crisis has U.S. truckers caught between a rock and a hard place. Any solution comes with a complex price tag, and has to reflect the common good. But who knows what the solution is?

In March 2008, Americans drove 11 billion miles fewer than they did in March 2007, the largest drop ever recorded by the Department of Transportation. The reason? Do the math: You need Kleenex, and the store is 12 miles away. Your SUV gets 12 miles to the gallon. If gas costs $4 a gallon, then your $3 box of Kleenex now costs $11. Add depreciation, insurance, and car maintenance and that Kleenex now costs $15. That is a lot of money just to blow your nose.

What will happen to drivers and nose blowers when a barrel of oil costs $200? How much less will they drive then? This consumer scenario is nothing compared to the financial challenges independent truckers face.

Many truckers are sitting around looking at trucks they can't afford to drive, thanks to an Environmental Protection Agency ruling requiring them to burn more expensive ultra-low sulfur diesel fuel. While this fuel may be better for the environment, it is not better for truckers' pocketbooks.

The low-sulfur fuel costs about 8 cents more per gallon than regular diesel. The U.S. government charges an excise tax of about 24 cents per gallon. Tack on a state tax of approximately 20 cents per gallon. The damage? An average 200-gallon tank fill-up now costs $104 extra per truck. And that doesn't take into account the rising cost of the fuel itself. Presumably, all this extra money goes to fix the roads that nobody can afford to drive on.

It is hard to argue against fuel taxes because we must *maintain* our roads. The tax revenue, however, does not come close to what we need to actually *fix* our long-neglected road system.

China subsidizes gas costs, including diesel, to the tune of about $2 a gallon. Because most motor freight carriers in China are independents, this subsidy is the only way its burgeoning economy can proceed. Calculate the full cost of an international delivery that starts in China and ends in Tennessee, and it is clear that the United States taxes the delivery, and, in a remote way, China subsidizes it.

To add insult to injury, China does not impose the ultra-low sulfur fuel requirement. Given its current economy, you might say China is taking delight in as much high-sulfur fuel as possible (welcome to the Olympics).

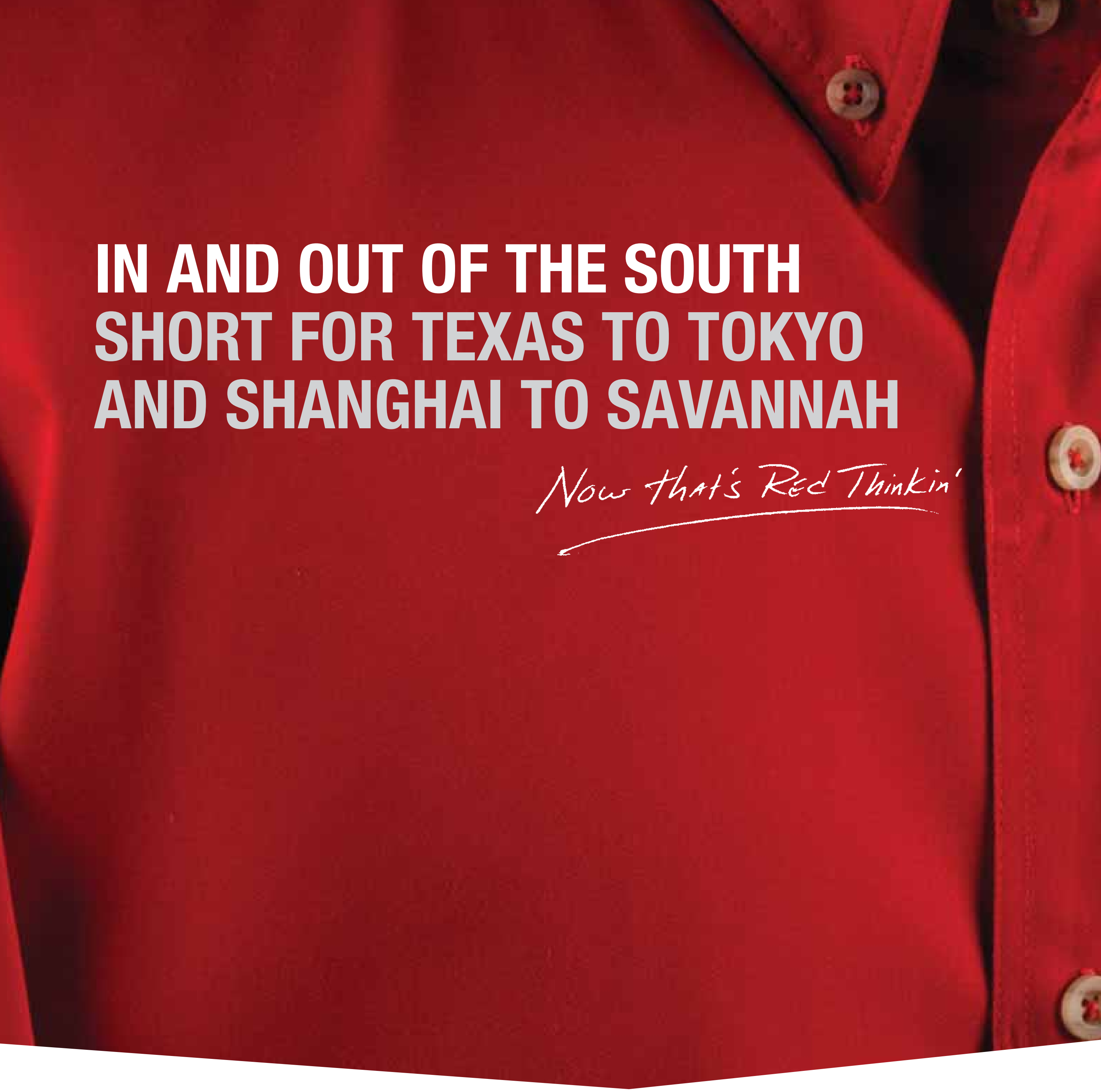
Half the world currently enjoys fuel subsidies, at least for the moment. Some see these subsidies as a major reason for the great increase in crude prices globally (lower prices mean more driving). The subsidies can cost from one percent to three percent of a nation's GDP. If this proves nothing else, it suggests that a solution to dramatically rising fuel prices is not merely a national issue, but a global one.

Global business, including transportation, is vulnerable to these seemingly endless cost escalations. The system may already have taken on more cost than it can bear.

The solution to fuel costs and availability is more political than economic. The law of supply and demand does not operate in a pure sense when some countries subsidize and others tax. If the world economy does not operate by supply and demand, on what principle does it operate? Is the need to apply a real supply-and-demand process to energy costs an argument for intervention?

We can scoff at China and its pollution, but it does have an energy policy. We can look down on China's transportation policy, but its infrastructure is being rebuilt and ours is not. We desperately need real energy and transportation policies to solve the fuel crisis and rebuild our infrastructure.

We need leadership in Washington, not political philandering. ■


IN AND OUT OF THE SOUTH
SHORT FOR TEXAS TO TOKYO
AND SHANGHAI TO SAVANNAH
Now that's Red Thinkin'

LOGISTICS knowledgebase©

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Determining When to Outsource Supply Chain Management Services

In today's highly competitive and dynamic global business environment with vastly extended supply chains, companies can often be confused by the many logistics options and sources available to them when seeking to implement a highly visible supply chain management (SCM) solution. Before making a decision on how to best integrate advancing technologies into your company's supply chain, however, it is more important than ever to evaluate the many existing options today.

Companies should closely examine their internal cultural alignment, core competencies and business capabilities before making a decision. A company's cultural alignment, cross-departmental capabilities and corporate commitment to funding IT initiatives provide the seminal factors in determining whether it should keep supply chain management services in-house or outsource them to a qualified third party logistics provider. At SEKO, we have identified several key issues that should be considered when seeking robust Web-based SCM visibility, be it in-house or outsourced.

First and foremost, shippers must determine the state of their existing WMS system. If it is consistently out-of-stock with finished products for customers, an in-house logistics system is not providing the IT capabilities necessary to avoid poor lead times and missed shipments. Outsourcing logistics to a 3PL can prevent losing customers and revenues. If, however, a proper in-house IT infrastructure is in place, cost-savings and efficiencies may be realized–at least in the short-term. (Typically, if companies try to add-on newer technologies to existing legacy platforms, these costs will outweigh the cost of outsourcing.)

If a shipper finds that its production facilities are down for long periods of time and logistics operations are not flexible enough to meet the requirements of after-hours deliveries and expedited service, there may be no choice but to pay the extra costs and outsource the logistics process on top of paying for large overhead for an inflexible logistics operation. If the in-house logistics operation is already funded as a core competency, you may already have a competitive edge. Flexibility is the key here.

Evaluate delivery date success. If the targeted dates for time-sensitive product launches are not consistently being met, it is a good indication that internal staffing and facility capacity cannot keep up with customer demand. This indicates a company probably requires the assistance of a 3PL along with the financial commitment to the third party has already made to integrated IT development. Shippers should also assess overhead and fixed logistics costs before making a decision. If these expenses are squeezing the bottom line, customers may realize virtually instant savings by consolidating warehouse operations with a "shared" facility operated by a 3PL. This can move fixed costs to a variable expense, which provides flexibility in responding to market dynamics.

If in examining IT capabilities, if a company determines that it cannot adapt to growing supply chain needs, it should consider outsourcing its logistics data and integrating it with that of a 3PL that specializes in customized supply chain solutions. Rather than waiting years for a new system to be developed internally, companies often find that outsourcing both the technology and logistics process to a suitable 3PL will realize long-term cost savings, while expediting the supply chain process.

Companies should evaluate their customs compliance readiness. With the implementation of the Customs Modernization Act, compliance assessments and audits became widely used as a tool to maximize compliance and provide uniformity. Regular assessment of import compliance processes and procedures require an evaluation of the overall effectiveness of the Customs Compliance Program, employee education and training programs, and operating procedures. If a company is unable to develop compliance and cost goals, formal policies, training programs, internal revenues and supplier compliance programs, the selection of a suitable 3PL to provide the required skill sets to establish a process-based compliance function is critical.

Ultimately, following an in-depth evaluation of the entire supply chain process, many companies find that including a mix of in-house and outsourced logistics functions may provide the best solution for them. In a global economy, where there is no set criterion for supply chain success, companies have to carefully analyze their unique requirements and determine what logistics solutions are best suited to meeting their specific distribution needs. Cost is always important, but ultimately the success of any global supply chain management process relates back to client satisfaction as a means of achieving customer focus and growth in market share.

LOGISTICS knowledgebase©

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Growth and Structure of the Third Party Logistics Industry

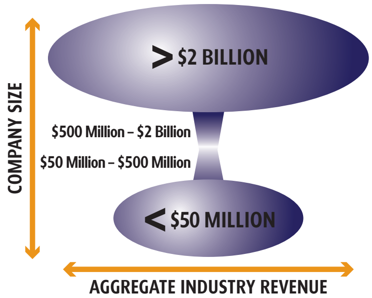
In these challenging economic times, it may be difficult to think of industries that achieve meaningful growth irrespective of the economic cycle. Historical trends, however, suggest that the third party logistics ("3PL") industry has been able to accomplish just that. During the last recession, gross revenues for the domestic industry grew 17.8% from $65.3 billion in 2001 to $76.9 billion in 2003. By comparison, GDP growth for the same period of time was 4.1%.

The value proposition and cost savings offered by 3PL providers tend to be sought by customers both during periods of economic growth and contraction. At the peak of the economic cycle, 3PL providers help address their customers' capacity challenges by economically sourcing transportation when trucks and drivers are scarce. Outsourcing frees customers to focus on their core business and drive out costs in their supply chain. These benefits are an especially strong incentive for customers to consider supply chain strategies in partnership with 3PL providers when facing a tough economic environment.

State of the Industry and Growth Drivers

Despite current and historical growth rates, we believe industry growth has yet to hit an inflection point. Demand for extreme efficiency of inventory and working capital management continues to drive reliance upon third parties for assistance with managing operations across multiple geographies and with many suppliers. Once economic weakness recedes and transportation demand again escalates, logistics costs will rise quickly. Significant capacity exits during this downturn and a continued driver shortage imply a future need for sophisticated solutions, which will position 3PL providers for even more rapid rates of growth.

3PL INDUSTRY STRUCTURE



Note: Figure based on industry observations and experience of NCCM professionals

Another key driver of growth, in our view, will be increased outsourcing of 3PL functions by middle market companies. Most middle market manufacturers, wholesalers, and retailers lack the sophisticated internal controls necessary to address logistics challenges and (particularly in today's fuel environment) can no longer take transportation and supply chain costs for granted.

Historically, smaller companies were relatively slower at adopting and implementing outsourcing as a strategic solution. By contrast, 3PL providers have significantly penetrated the Fortune 500 sector. 74% of the domestic Fortune 500 used at least one 3PL in 2007 and today, the three domestic automotive OEMs each utilize more than 30 3PLs. Small-to mid-size companies' need for greater efficiency in their supply chains is expected to drive even more robust 3PL industry growth rates over the next decade. Providers to this customer segment stand to benefit as middle market companies tend to have a lower switching rate and offer slightly greater profitability.

Market Participants and Industry Structure

The 3PL industry remains very fragmented with several thousand industry participants and a continued stream of new entrants that are attracted by the high industry growth rates. The broader selection of providers in the marketplace has empowered customers to be selective and manage the number of providers that they use. Acquisitions enable 3PL providers to secure add-on offerings to further penetrate customer relationships, realize growth in new geographies, and diffuse customer concentration. This strategy has been observed in the marketplace as several notable transportation industry participants have utilized acquisitions as a means for repositioning their service offerings, adding capabilities, and entering new segments.

With new small companies continuing to enter the market and extremely large providers continuing to grow rapidly, a barbell dispersion effect has taken place. It is estimated that the top 10 providers generate approximately two-thirds of aggregate industry revenue in North America. The vast majority of the remainder is made up of companies under $50 million of revenue. Given the notable disparity between small niche players and large players, providers that exceed this revenue threshold with differentiated service offerings are scarce and highly sought-after acquisition targets, particularly by private equity buyers looking for a platform investment.

Sources included Armstrong & Associates (www.3plogistics.com), Bureau of Economic Analysis (www.bea.gov).

National City Capital Markets' Transportation and Logistics Group *is a team of highly experienced professionals dedicated to providing financial and strategic advisory services to middle market transportation and logistics companies. Our investment banking services include sell-side and buy-side acquisition advisory, capital raising, restructurings, and corporate divestitures. For sell-side advisory services, we have met or exceeded valuation expectations for selling shareholders for over 90% of our engagements.*


TLC

READER

PROFILE

by Merrill Douglas

Zooming Right Along

On April 24, 2008, Jose Flores broke a record. That day marked his 45th year at Yamaha Corporation, and with that milestone he became the Japanese company's longest-serving U.S. employee.

Since Flores joined Yamaha in 1963, much of his work has had a strong logistics component. Currently, he's administration manager in Yamaha Motor Corp. USA's logistics division. But he has worn many hats, working in areas that have included sales, service, warranty, and import/export. "Wherever there's a problem, that's where they put me," he says.

Flores joined Yamaha as a 19-year-old, freshly arrived from Nicaragua to study business administration. He learned about the job through his sister, who had joined the company in the late 1950s. In those days, the Los Angeles-based U.S. operation included Yamaha's musical instruments division as well as the motor sports business. Only nine people worked at the site.

"Everybody, including me, was doing everything," Flores recalls. "That included shipping, receiving, and handling orders. I used to be in charge of inbound shipments for the motorcycles and instruments."

Later, Flores took charge of moving motorcycles, snowmobiles, and other products to dealer shows and advertising photo shoots. The deadline pressure was intense. "It's expensive to have a production company waiting around for product to arrive," he says. "If your shipments don't arrive on schedule, you pay for their waiting time."

MOTOR MAN

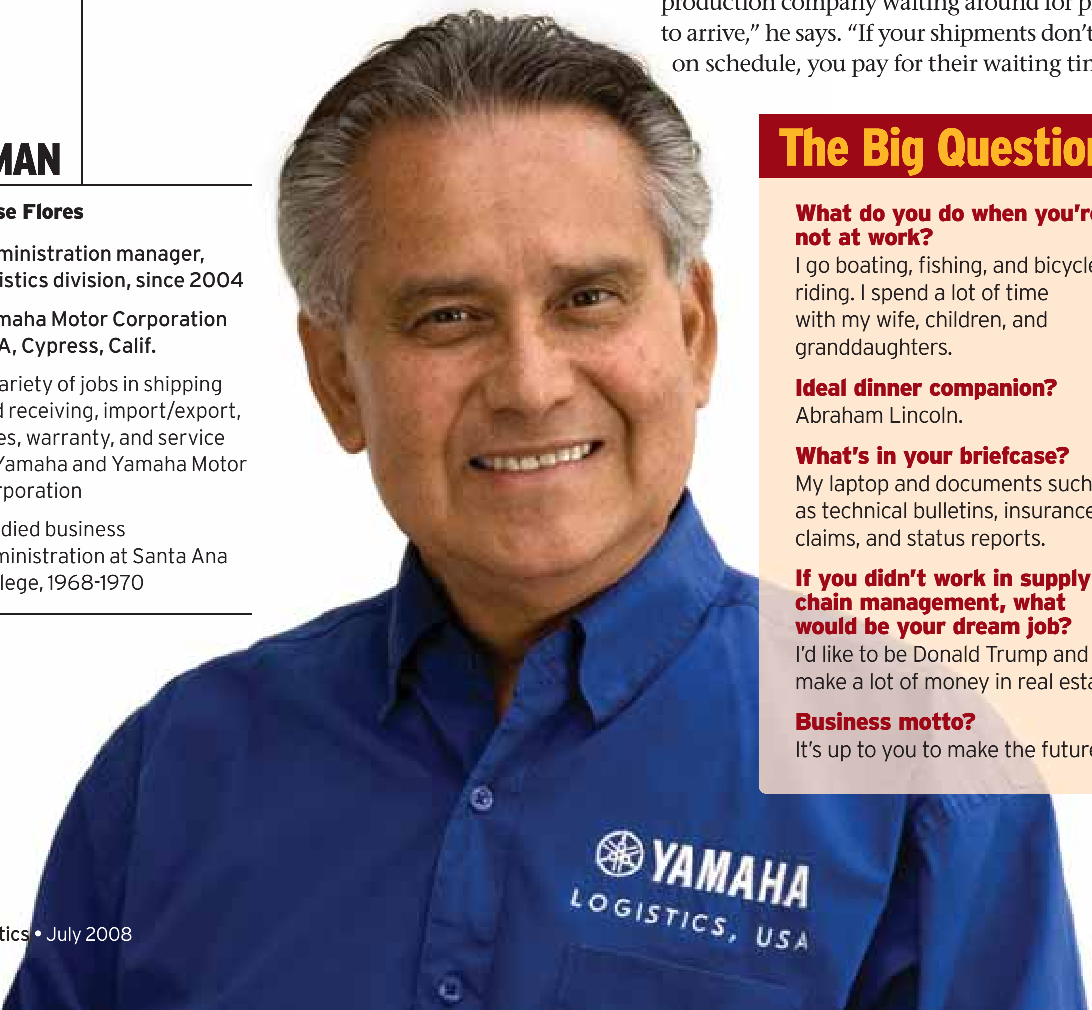
NAME: **Jose Flores**

TITLE: Administration manager, logistics division, since 2004

COMPANY: Yamaha Motor Corporation USA, Cypress, Calif.

PREVIOUS EXPERIENCE: A variety of jobs in shipping and receiving, import/export, sales, warranty, and service at Yamaha and Yamaha Motor Corporation

EDUCATION: Studied business administration at Santa Ana College, 1968-1970



The Big Questions

What do you do when you're not at work?
I go boating, fishing, and bicycle riding. I spend a lot of time with my wife, children, and granddaughters.

Ideal dinner companion?
Abraham Lincoln.

What's in your briefcase?
My laptop and documents such as technical bulletins, insurance claims, and status reports.

If you didn't work in supply chain management, what would be your dream job?
I'd like to be Donald Trump and make a lot of money in real estate.

Business motto?
It's up to you to make the future.

The pressure grew especially severe when Flores had to move seven truckloads of watercraft safely from El Paso, Texas, to a dealer meeting in the Mexican resort town of Huatulco. The challenge wasn't simply getting the goods there on time; it was getting them there at all. The route was considered a magnet for thieves. "Thieves were known to kill drivers and steal their trucks," Flores says.

To protect drivers and their loads, Flores added security escorts to the convoy and had them regularly check in by phone. "Thanks to that system, we didn't lose any products," he says.

Theft is also a concern in Flores' current job, which focuses largely on handling claims for damaged or missing shipments. Trucks carrying Yamaha products disappear about six times a year. Ocean containers may go astray as well, due to theft in the ports or storms at sea.

Flores and his team work with police and the carriers' insurance companies to try to recoup their losses. They also make sure dealers get quick replacements for lost or damaged products.

"We don't tell our dealers to wait until we solve the problem," Flores says. "We immediately call our sales department and replace the units the same day to help dealers keep their customer commitments."

Flores and his team also are responsible for inserting U.S.-made parts into shipping crates with motorcycles from Japan before they're sent to dealers, and for transporting certain products to dealer auctions.

"After 45 years with Yamaha, I have assumed many responsibilities," Flores says. "And I enjoy every challenge." ■

TRENDS

Weathering the Storm

THE 19TH ANNUAL STATE OF LOGISTICS REPORT

by Joseph O'Reilly

With Washington abuzz about the fall presidential election, the Federal Reserve dodging rumors of recession-fed inflation, and news outlets awash with images of flood-ravaged Midwest farms and independent truckers protesting rising fuel costs, this year's annual State of Logistics Report echoed prevailing political and economic circumstances—with some difficult-to-swallow truths, easily digestible speculations, and a ready dose of optimism.

The current state of the logistics industry is rooted in the fact that soaring transportation and inventory carrying costs, conflated with deteriorating domestic consumer demand, have shifted businesses and their supply chains into safe mode—or "Surviving the Slump," as Rosalyn Wilson titled her annual presentation at the National Press Club in Washington, D.C., June 18, 2008, sponsored by the Council of Supply Chain Management Professionals (CSCMP).

The U.S. economy grew by just 2.2 percent in 2007, the poorest performance in five years, according to Wilson. Weakening economic prospects as a result of the housing market collapse, rising fuel costs, and credit squeeze led to less consumer spending, which fell 3.1 percent from 2006.


Truckload Needs?

CONTINUED FROM PAGE 26

The logistics spotlight illuminates both successes and failures. **Some U.S. businesses are capably adapting their supply chains to insulate themselves** from recessionary pressures. But the stakes have been raised.

With higher inventory and transportation outlay, total business logistics costs were nearly $1.4 trillion in 2007, an increase of $91 billion over the previous year, marking the fourth-consecutive year of record growth. Logistics costs as a percent of GDP rose 10.1 percent, up from 9.9 percent a year ago, and matching figures from the late 1990s.

Despite these sobering statistics, a panel of industry executives corralled by CSCMP to share their own interpretations of Wilson's report, as well as their experiences operating in today's marketplace, offered less dire accounts of where the logistics segment is heading.

"It's not a frightening time to be in this business, it's an exciting time, a time of change," observed John Gray, senior vice president, policy and economics, Association of American Railroads. "Fuel is an underlying issue. In terms of capacity the railroads have had a breather, a chance to continue to invest in infrastructure–which takes time. There are a lot of changes, as well as unprecedented opportunities."

Rick Jackson, chief operating officer of retailer Victoria's Secret Direct, was equally sanguine: "It's a great time to be in supply chain management. The spotlight is turned on," he said.

That spotlight is illuminating both successes and failures. Some U.S. businesses are capably adapting their supply chains to insulate themselves from recessionary pressures. But the stakes have undoubtedly been raised.

Freight transport pricing has been climbing for the past two years. During 2006's relative calm, companies were broadly challenged with tightening supply lines, investing in new technology and strategies, and working with logistics partners to squeeze out inefficiencies in a lengthening supply chain.

THE STATE OF LOGISTICS 2007:

Paying the Price

CARRYING COSTS ($2.026 Trillion, All Business Inventory)		BILLIONS
Interest		$103
Taxes, Obsolescence, Depreciation, Insurance		$273
Warehousing		$111
	SUBTOTAL:	$487
TRANSPORTATION COSTS		
Motor Carriers:		
Truck – Intercity		$455
Truck – Local		$216
	SUBTOTAL:	$671
Other Carriers:		
Railroads		$58
Water	INTERNATIONAL	$33
	DOMESTIC	$5
Oil Pipelines		$10
Air	INTERNATIONAL	$16
	DOMESTIC	$25
Forwarders		$30
	SUBTOTAL:	$177
Shipper-Related Costs		$8
Logistics Administration		$54
	TOTAL LOGISTICS COST	$1,397

SOURCE: Council of Supply Chain Management Professionals

Even as capacity softened, carriers were able to pass along fuel surcharges to customers and maintain respectable balance sheets. Through 2007 and the first quarter of this year, however, mounting fuel costs and more competition for less business has largely neutralized industry profitability.

"Pricing power is now firmly in the hands of shippers, not carriers," observed Wilson. "As in 2006, fuel surcharges made up most of the industry's revenue gains. However, there are far more reports of companies unable to fully recover increased fuel costs, either because their market will not allow them to pass surcharges through or because of the lag as fuel prices climb daily."

Transportation costs rose six percent in 2007 as carriers continued to cope with institutionalized and rising fuel prices, an overabundance of capacity, diminishing demand, and increased competition across modes. While all transport segments feel the oil barrel burden, the trucking industry has been hit hardest. Small owner operators, without the benefit of size and scale, face the ominous task of eating fuel costs to hang onto business. In turn, over-the-road shippers continue to explore alternatives to long-haul truck moves, utilizing more cost-competitive modes and configuring distribution networks to leverage shorter transport distances–which has indirectly brought more competition into the short-haul trucking market.

Supply Chain Conundrum

The surging price of fuel alone has exacerbated ongoing efforts to reduce total logistics costs throughout the supply chain. But plummeting consumer confidence and falling import volumes have created a supply chain conundrum beyond managing transportation.

While trucking costs in 2007 were up 5.6 percent, compared to 6.7 percent across other modes, inventory carrying costs rose faster than transport spend for the fourth year running, climbing nine percent and accounting for 44 percent of the increase in logistics costs (compared to 52.3 percent for transportation). Warehousing costs rose nearly 10 percent as more businesses hedged the risk of running too lean by holding more stock.

As U.S. shippers exhaust cost-cutting measures on the transportation side, many are looking elsewhere to divine new means for streamlining the supply chain. In her 2006 report, Wilson observed that businesses were

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THE STATE OF LOGISTICS: 2007 Trends By Mode

Air Freight

TRAFFIC	
2006:	▲ 4.4%
2007:	▲ 1.1%

While the airfreight industry recorded a drop in tonnage over 2006, revenue grew by $3 billion during 2007, an increase of 8.9 percent. Carriers have been aggressively raising rates and implementing surcharges to cover rising fuel prices, reported analyst Rosalyn Wilson at her annual State of Logistics Report presentation. They are also downsizing fleets in under-performing domestic lanes, expanding services in thriving global markets, or considering strategic outsourcing alliances, as DHL's recent domestic air cargo partnership with UPS illustrates.

Maritime

TRAFFIC	
2006:	▲ 7.9%
2007:	▲ 3.4%

Maritime and domestic water traffic rose a modest 3.4 percent in 2007. However, all three components of this sector – rivers and canals, Great Lakes, and ocean shipping – showed declines in ton-miles carried in 2007. The shift in container trade focus from West Coast to East Coast is gradually becoming apparent. While traffic through the nation's ports grew 2.6 percent in 2007, the Port of Los Angeles experienced a 1.4-percent decline in TEUs. Conversely, the Port of Savannah marked a record year with container volumes topping out at more than 2 million TEUs, an increase of nearly 27 percent from 2006.

Trucking

TRAFFIC	
2006:	▼ 1.3%
2007:	▼ 1.5%

Of all modes, the trucking industry has been on the most precipitous downward spiral, with volumes dropping for the second consecutive year. Trucking costs increased by $36 billion in 2007, up 6.1 percent over 2006 levels. While large carriers are holding their own, small operators are dropping off at a meteoric pace. Close to 2,000 trucking firms failed in 2007, and an additional 935 companies went out of business in the first quarter of 2008, reports Avondale Partners industry analyst Donald Broughton. Capacity and driver shortage concerns will become even more manifest when the economy rebounds, according to Wilson.

Rail/Intermodal

TRAFFIC	
2006:	▲ 4.5%
2007:	▼ 1.9%

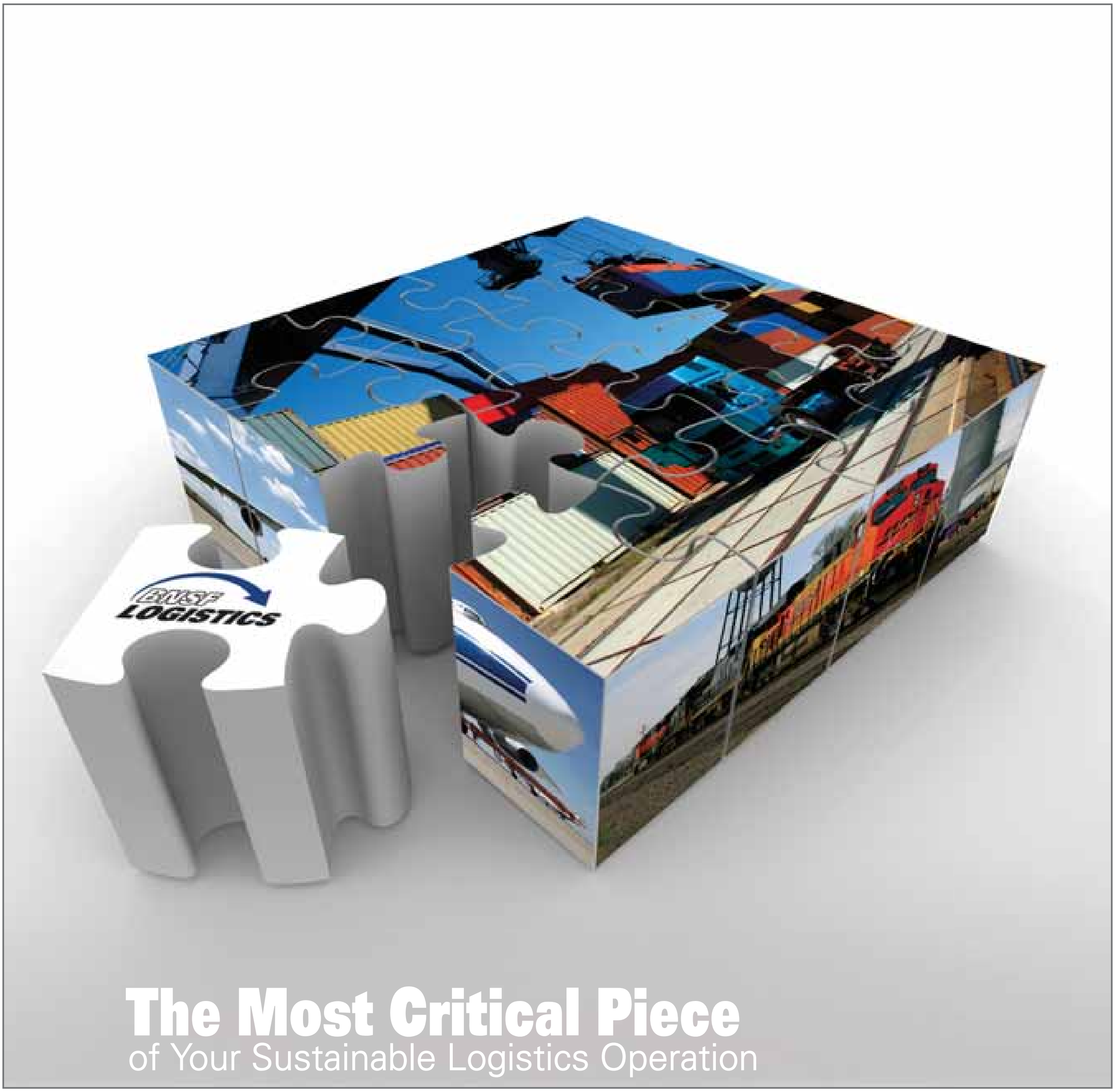
U.S. railroads didn't top 2006's record-breaking tonnage year, as drops in domestic volumes due to the housing and construction market collapses took some steam out of the industry's momentum. Still, the sector marked its second-best tonnage year and the cost for rail transportation rose 7.4 percent in 2007, with revenues for Class I railroads up $3.6 billion, according to Wilson. As further evidence of the industry's positive outlook and increasing appeal to long-haul domestic shippers, freight revenue per ton-mile increased to 2.99 cents, from 2.84 cents in 2006.

proactively positioning inventory farther back in the supply chain to more efficiently and economically match supply to demand and avert risk. In 2007, they had no choice.

"Inventory optimization is again a key issue. It seems like the more we evolve in this industry, the more the problems come back to the same key areas," said Wilson. "Inventory optimization was paramount in the 1980s and 1990s and we conquered it. Now it is at the forefront again, but the issues are much more complex and more difficult to solve."

Amidst these challenges, businesses are turning toward inventory management tactics to counter rising transportation costs and meet strategic growth goals. Having better control of and visibility into product dispersed across the supply chain provides shippers with greater flexibility to explore

WASHING AWAY INEFFICIENCY. Whirlpool Corporation aligns production with demand through inventory management techniques that leverage its size and scale.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LOGISTICS
The Most Critical Piece
of Your Sustainable Logistics Operation

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new, slower, and potentially cheaper transportation options, as well as selling opportunities in emerging consumer markets. With the devaluation of the U.S. dollar, rising global demand for exports has somewhat offset declining domestic freight movements, which favors staging inventory in a more calculated manner.

Taking Stock of Inventory

Inventory management is a critical part of Whirlpool Corporation's global business, given all the permutations of where product can be located in the supply chain, commented Brian Hancock, vice president supply chain, during the State of Logistics Report's industry panel discussion.

"We're looking at inventory from the retailer back to the manufacturer," he said. "Retailers are more reluctant to carry stock nowadays. So we are utilizing and leveraging size and scale to put in place inventory management techniques to better align production with demand. Globally, we hold more inventory because supply chains elsewhere are less sophisticated."

By contrast, other companies have successfully applied technology to mitigate demand peaks and troughs. "We have not seen a significant spike in inventory levels as we are doing a better job at forecasting demand," said panelist Kevin Smith, senior vice president supply chain and logistics, CVS Corporation.

"We have taken visibility down so low that manufacturers are not producing more than we need," he said. "Power and energy drove industrial growth in the 20th century; in the 21st century success will be driven by an abundance of information, and substituting information for inventory."

Elsewhere, the inclination to control inventory farther back in the supply chain has helped Victoria's Secret weather a turbulent retail sales environment. While brick and mortar growth stagnates, direct channel business is booming. Victoria's Secret Direct's global sales have doubled over the past 12 months, which COO Jackson credits to the company's international expansion, the devaluation of the U.S. dollar, and attention to supply chain management.

"We are tightly tied to sourcing vendors," he said during the panel discussion. "It's especially important in tough economic times to take a disciplined approach to inventory management. We source globally; transport all products to Columbus, Ohio; pre-package items at the point of origin so we can bypass nodes and deliver direct to consumers. Essentially we're placing inventory closer to market."

Banking on Wholesale

Reflecting this trend line, the volume of wholesale inventories surpassed retail inventories for the first time in December 2007 and has continued into the first quarter of 2008, according to Wilson. Stockpiling product is an inherent consequence of a sluggish economy. But what is particularly striking in today's market, given the advances global businesses have made in streamlining processes, is that inventory turn efficiency has dropped.

"While much of the recent increase in inventories is attributable to changes in the way we are handling stocks in the global environment, in 2007 we began to see inventory buildups attributable to unsold products as the economy slowed," reported Wilson. "The significant order lead times required when sourcing offshore have led to a less nimble system that cannot make adjustments immediately."

Efforts to more accurately track consumer purchasing patterns and manage inventory closer to supply are helping businesses respond more efficiently to demand variability–as well as rationalize transportation costs. The need for greater global scalability is also impacting how businesses configure and operate stateside distribution networks.

"The move to more regionalized distribution centers continued in 2007, with many more firms announcing plans to relocate or open new centers serving smaller markets," said Wilson.

The current fuel crisis is compelling manufacturers in fast-moving consumer goods product industries to look differently at distribution models–considering

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The Federal Reserve's reluctance to officially label the current economic downturn a recession mirrors the pluckiness of the logistics segment. **When indicators point to a looming crisis, creative companies turn challenges into opportunities.**

eight, 10, or 15 distribution points to serve domestic markets more efficiently. "We're also seeing a transition to more long-haul rail and interest in second-tier distribution markets," noted panelist Cliff Otto, president of 3PL Saddle Creek Corporation.

CVS, for example, has scaled its distribution network to be more responsive to changing demand patterns. "Some time ago we made the decision to move toward smaller distribution footprints closer to markets we serve, shortening the length of hauls. At first it was a capacity issue, now it's an economic one," said Smith.

Challenges and Opportunities

As economic downturns come and go, businesses are predisposed to think and act in the present. Shippers are bent on reducing transport costs, often seeking out spot capacity and partners on price alone; carriers are downsizing their fleets and restructuring go-to-market strategies to offer more value-added services. An emerging reality, which Wilson highlighted and panelists affirmed, is that short-term myopia is setting the table for a major capacity pinch when the economy rebounds.

"Poor industry performance is leading to a loss in capacity, as companies first idle and then sell off their excess equipment or leave the market altogether," reported Wilson. "Adding to this is a drop in plant and equipment investment as companies put off spending. The diminished industry capacity will have serious repercussions when the economy turns around, probably returning us to the backlog and bottleneck crisis we experienced just a few years ago."

Such a development would aggravate latent concerns largely masked by a soft market–driver shortages, aging infrastructure, and congestion–and severely compromise and constrain industry's capacity to meet consumer and market expectations. Fuel price angst will be further compounded by greater competition for capacity, leaving carriers with the upper hand and shippers with little recourse.

While the United States may be on the precipice of recovery, a number of issues need to be addressed with regard to capacity–including Hours of Service regulations, the trend toward shorter length hauls and increased lag times and congestion, according to Jim O'Neal, president of O&S Trucking.

"We are headed for a major capacity crunch that might make 2004/2005 seem like a cakewalk," he said during the panel discussion.

Economic concerns notwithstanding, panelists were largely optimistic that the trucking industry is capable of meeting these challenges with further investments in technology, facilities, and infrastructure.

To better respond to changing demand patterns, CVS transitioned to smaller distribution footprints closer to the markets it serves.

In some regards, the Federal Reserve's reluctance to officially label the current economic downturn a recession mirrors the pluckiness of the logistics segment. When all indications point to a looming crisis, creative companies turn challenges into opportunities.

Case in point: CVS's Kevin Smith preferred to view Wilson's "surviving the slump" descriptor in a more positive light: namely "squatting to jump"–and presumably from an airplane with a parachute than from a bridge.

"There are opportunities for companies to capitalize on business advantages. A lot of these current issues are cyclical. But many global economies have strong GDP growth," he concluded. "Positioning and planning for the future is contingent on how we strategize for a surge in business, not a slump." ■

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A Tale of Two Markets

Recent U.S. intermodal shipment trends reflect broader challenges facing both global and domestic shippers in today's uncertain economy. While intermodal revenue for international shipments continues to track a downward path, domestic shipments are showing a noticeable uptick, according to *The Intermodal Monthly Update* published by FTR Associates, Nashville, Ind., and Gross Transportation Consulting, Port Washington, N.Y.

International volumes in April edged down 0.1 percent from year-ago levels, while domestic volume surged 9.6 percent. Year-to-date figures tell a similar story: international volumes are down 3.9 percent while domestic volumes have increased 3.7 percent. This dichotomy illustrates the different factors influencing import and domestic sectors. International performance is hindered by the weak economy, a devalued dollar, and freight diversion from intermodal to all-water routings. By contrast, sky-high and still increasing fuel prices have stoked interest in domestic intermodal loadings. The overall economic outlook remains cloudy for the intermodal industry with high oil prices and the weak dollar negatively impacting the international sector in the near term, the report concludes.

Logistics Education Inside the Quad Cities

As transportation, distribution, and logistics become likely sectors to replace lost manufacturing capacity abroad, some Midwest economic development consortiums are taking an innovative grassroots approach to building a viable labor pool. The Quad City Economic Development Group, for example, is creating a logistics education network tailored to the region's unique business needs.

Within the past year, both Eastern Iowa Community College District and Blackhawk College have collaborated to solicit and receive a $1.5-million grant from the U.S. Department of Labor to develop a comprehensive logistics education curriculum for the area. The "Joined By A River" grant supports varying aspects of logistics and supply chain learning, from non-credit classes for entry-level warehousing and transportation disciplines to undergraduate and graduate degree programs in supply chain management.

The "Joined By A River" grant is sponsored by the local community colleges, The Quad City Development Group Industry Roundtable, and the private sector, which together help develop key aspects of the integrated logistics curriculum. In turn, there is widespread industry support for recruiting and hiring students from the program.

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UP THE CHAIN

PEOPLE ON THE MOVE

Marysville, Ohio-based **The Scotts Miracle-Gro Company**, a consumer lawn and garden product company, has selected **Dave Swihart** as senior vice president, global supply chain. In his new role, Swihart oversees global improvements and stakeholder value by developing and executing continuous advancement of the company's global supply chain. He began his career at Scotts in 1993, holding roles including vice president of logistics and distribution and vice president, global supply chain. **Clement Chen** (*pictured*) has joined **Science Applications International Corporation** (SAIC), a scientific, engineering, and technology application company based in San Diego, as senior vice president of strategic development for its infrastructure, logistics, and product solutions group. He will develop innovative business strategies for the division and play a leadership role in shaping the portfolio of services available to clients. Before joining SAIC, Chen was vice president of business innovation at Lockheed Martin Corp., where he led technology development, business models, and strategy for a broad spectrum of areas. Former Nike executive **Michael F. McBreen** has joined rival shoemaker **Wolverine World Wide** as president of its global operations group. At the Rockford, Mich.-headquartered company, McBreen is responsible for all supply chain operations, including sourcing, manufacturing, distribution, and logistics. He spent the last year as vice president, supply chain and logistics for Furniture Brands International, a $2.1-billion home furnishings business. Prior to that, McBreen held several senior positions at Nike, including director of global supply chain operations and global apparel operations. **Barjan**, a Rock Island, Ill., distributor of consumer products to travel centers, truck stops, and convenience stores, has named **Charles A. Sciandra** as its new chief executive officer. With 30 years of distribution industry experience, Sciandra has led a number of market-leading organizations throughout his career. Most recently, Sciandra was president and CEO of Pitco Foods, a wholesale food distributor to retail and food service operators. In his new role at Barjan, Sciandra will continue to drive the growth of the company's extensive distribution network, which supplies more than 8,000 individual products to major national and regional travel centers across North America.

GLOBAL LOGISTICS

by Joseph O'Reilly

Germany's strategic location and solid infrastructure—including Frankfurt Airport and its growing cargo volumes—position it as a top investment destination in Western Europe.

Logistics Deutsch Marks

As European manufacturing capacity gradually migrates to cheaper locations farther east, once-prominent producers such as Germany are filling the economic void by developing transportation, distribution, and logistics capabilities. As a reflection of this shifting dynamic, Ernst & Young's *Location Germany 2008: Germany and Europe–International Manager Assessment* report touts Germany as the top investment destination in Western Europe.

Germany's strength, already underscored by its top ranking for infrastructure in the World Economic Forum's *Global Competitiveness Report 2008*, is further augmented by a diverse range of small to medium-sized logistics service providers, differentiated labor costs, a highly flexible labor force, and a robust commercial property market.

In terms of transportation and logistics infrastructure, the Port of Hamburg ranks eighth in the world in container volume and second in Europe to Rotterdam (9.9 million TEUs). In 2007 alone, container traffic at Hamburg rose 11.6 percent as a result of growing trade with Asia and Eastern Europe. Importantly, the port's share of container traffic among northern European ports, including Rotterdam, Antwerp, and Bremen, increased

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to 26 percent from 22 percent one year earlier.

The airfreight sector shows equal promise. Frankfurt places eighth in the world and second in Europe, to Paris De Gaulle, with 2.2 million tons of cargo transported, a nearly two-percent increase over 2007, according to Airports Council International's 2007 report.

The country's favorable transportation and logistics capabilities expectedly reflect its foreign investment potential. One in four businesses surveyed in the report plan to invest in Germany, while more than one-third of those already investing in the country intend follow-up ventures.

Additionally, 30 percent of companies believe Germany has become an even more attractive investment location and 35 percent predict its attractiveness will increase in the coming years. ■

Stretching for SC Success

Businesses that aren't adequately stretching and fine-tuning their global muscles are likely to find themselves hamstrung, according to Waltham, Mass.-based management consultant PRTM's sixth-annual *Global Supply Chain Trends Survey*. Businesses are losing flexibility due to rapid globalization and their inability to effectively manage lengthening supply lines, indicates the study, which polled more than 300 global manufacturing and service companies between December 2007 and February 2008.

One in two survey participants report they do not have the internal capabilities to adequately manage external partners. In spite of these challenges, however, more than 50 percent plan to move all manufacturing operations outside their home country by 2010.

In addition to inefficiently responding to global trends, businesses without scalability are also underperforming and failing to reach global goals. Ninety-six percent of participating companies are not fully achieving the planned benefits of globalization, the study reports.

Management costs prove to be the hardest to reduce, with only eight percent of respondents achieving success in this area. More than 40 percent of companies, however, report little benefit or see an increase in management costs.

"This is an indication of how difficult it is to globalize without having a solid operational strategy in place, and a tactical framework against which to execute," says Gordon Colborn, lead director for PRTM's UK business.

By 2010, the need for greater supply chain flexibility will overtake product quality and customer service as the major factor for improving supply chain strategy, the report predicts.

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Exploring the New Silk Road

Two thousand years ago, the Silk Road was the epicenter of global commerce and trans-cultural diffusion. Asian and European traders traversed the Ancient Near East, over land and by sea, bringing China's silk and spice trades to markets as far afield as Mediterranean Europe. The wild current of commerce rocked the cradle of civilization, consequently hastening and amplifying the exchange of information between East and West.

In our times, U.S. shippers have attempted to anticipate, tame, and redirect this free flow of information and trade across multiple geographic zones, operational silos, and transportation modes to more efficiently and economically match supply to demand. But with capacity and congestion constraints threatening the efficacy of Pacific Rim shipping, and as low-cost manufacturing gradually penetrates deeper into Southeast Asia, the old Silk Road is evolving anew.

At the center of this emerging trade paradigm is a 19th-century relic as timeless as the Silk Road itself. While Egypt's Suez Canal has served as a primary corridor for Middle East trade over the past 100 years, and more recently tanker and container passage between Asia and Europe, its role in U.S. supply chains has been relatively inconsequential. Until now.

"As container volumes continue to grow and trade channels such as the Panama Canal become overburdened, shippers are struggling to eliminate variability from their supply chains," says Gene Seroka, vice president Middle East Region, for global service provider APL and APL Logistics. "The Suez Canal is wider and less constrained than Panama so it is an excellent alternative for products moving to North American destinations via the East Coast."

In turn, the once inward-focused Suez Canal is growing by leaps and bounds to capitalize on shifting trade patterns. As U.S. import volumes drop and Asia-Europe shipping continues to swell, carriers are reallocating capacity to accommodate demand. In 2007, the waterway posted a 20-percent increase in revenue as prices rose and transits increased. Importantly, the number of container ships journeying through the Suez grew 10.6 percent to 7,718 vessels, versus 6,974 in 2006. Since 2002, container ship transits have increased 70 percent (*see chart, page 50*).

Equally significant, U.S. East Coast container ports have seen considerable spikes in container throughput and are ramping up facility and infrastructure investments to handle expected growth. Savannah, by example, had a record year in 2007, handling more than 2.6 million TEUs–an increase of more than 20 percent over the previous year.

More than 18,000 vessels crossed through Egypt's Suez Canal last year, compared to an annual average of 14,000 through the Panama Canal. While Panama develops infrastructure to handle bigger vessels, the Suez Canal already accommodates 14,000-TEU ships.

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As evidence of the Suez Canal and Middle East's booming potential, APL Logistics recently transitioned its operations from agency to fully-owned status in Bahrain/Saudi Arabia and Egypt.

Nearly two-thirds of Asia-U.S. trade still arrives via the West Coast, but shipments have dropped about 30 percent in 2008, according to Gihan Rashad, marketing manager, GAC Egypt, a regional arm of the Dubai-based global logistics company. Realizing this steady trade growth, the Suez Canal Authority is planning to provide incentives to lure more container ships to the area. Beyond that, U.S. shippers are eager to explore all-water transportation options that circumvent West Coast and even Panama Canal congestion and capacity constraints.

"More than 18,000 vessels crossed the Suez Canal last year compared to an annual average of 14,000 through the Panama Canal," says Rashad. "The Suez Canal can handle the biggest container ships carrying up to 14,000 TEUs, which is nearly 190,000 tons of manufactured cargo weight. This is almost triple the Panama Canal's current capacity."

While the Panama Canal Authority is in the midst of an expansion project to build a third set of locks (expected to be completed by 2015), growing interest in the Suez has created an investment boom with new container hub ports emerging throughout the Middle East.

"The Suez Canal Container Terminal was built in Portsaid, Egypt, at the northern tip of the Canal and plans to have a 5.1 million TEU capacity by 2011," adds Rashad. "APM Terminals (Denmark) operates 60 percent of the terminal. A

(continued on page 50)

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GLOBAL SPIN

Price Rigging Untangled: Five major international airlines pled guilty in the United States to fixing prices for air cargo rates over a number of years and will pay a combined $504-million criminal fine. The U.S. Department of Justice named the airlines as Société Air France, Cathay Pacific Airways, KLM Royal Dutch Airlines, Martinair Holland N.V., and SAS Cargo Group A/S. The airlines each engaged in a "conspiracy to suppress and eliminate competition by fixing cargo rates charged to customers for international air shipments," according to the U.S. District Court. ■ **Russian Air Cargo Industry In a Hurry:** Russia's growing importance as a global air cargo hub will provide a significant boost to the country's cargo aircraft market, observed Denis Ilyin, senior vice president, AirBridgeCargo Airlines, at the Russia & CIS Aircraft Conference in Moscow recently. The development of Russian hubs in Moscow and Krasnoyarsk, in particular, are supporting this growth. Moscow is an emerging link between Europe, the Middle East, the Indian subcontinent, and Southeast Asia, while Krasnoyarsk is positioned to connect North America and Europe to Asia via cross-polar and trans-Siberian routes. Ilyin predicted Russia's role in global air logistics will increase from its current 1.4 percent share of the total US $80 billion global market to eight percent in 2015 and 16 percent in 2030, worth an estimated $8.4 billion and $25.6 billion, respectively. ■ **A Bridge Too Far:** The world's longest cable-stayed bridge has debuted in eastern China, linking the two banks of the Yangtze River. The six-lane Sutong Bridge, which spans 3,570 feet over China's longest waterway, is expected to boost economic growth in the region and cut travel time between Shanghai and Nantong from four hours to one hour.

series of free zone areas, including logistics and distribution centers, are planned to complement the terminal."

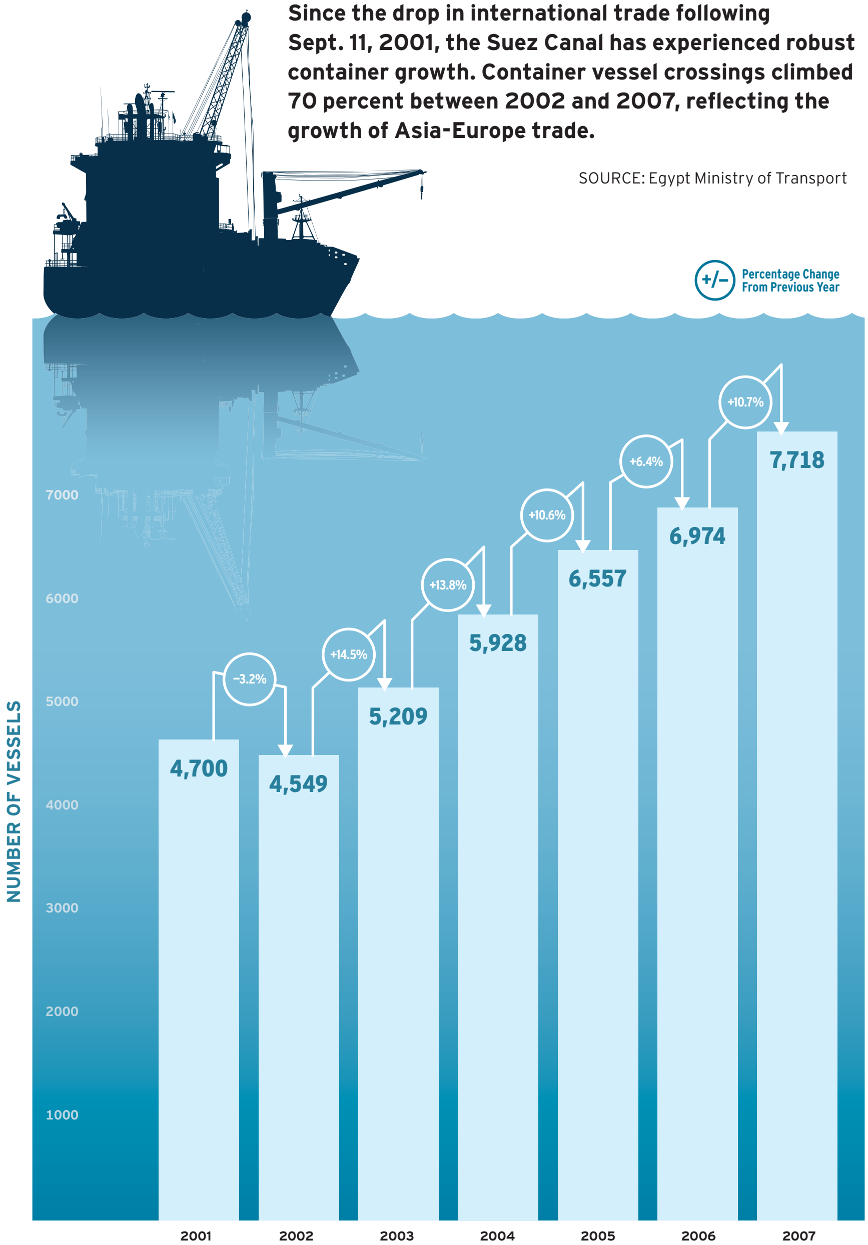
Additionally, Dubai Ports' acquisition of the Sokhna terminal at the southern entrance of the Canal heralds further expansion of the facility's capacity.

Meanwhile, U.S. ocean carriers and ports are duly making investments and inroads in the region as the pace of trade picks up. In May 2007, APL debuted its Suez Express service from South Asia. The weekly service includes stops in Singapore, Colombo, New York, Charleston, Savannah, Norfolk, Jebel Ali, Port Kelang, and Singapore. Transit time from Singapore to New York is 21 days, and 24 and 25 days to Charleston and

Suez Canal Crossings Climb

Since the drop in international trade following Sept. 11, 2001, the Suez Canal has experienced robust container growth. Container vessel crossings climbed 70 percent between 2002 and 2007, reflecting the growth of Asia-Europe trade.

SOURCE: Egypt Ministry of Transport



Savannah, respectively.

"Transport times to the East Coast through the Suez are considerably faster than if transiting the Panama Canal. The Suez Canal is also highly competitive with cargo crossing West Coast gateways," says Seroka.

He believes high-value cargo shippers can benefit most from the Suez gateway's increased dependability and capacity, which translate to shorter turn-around times.

"Reliable transit times through the Suez Canal can eliminate the uncertainty connected with shipments discharged at U.S. West Coast ports and transported cross-country via congested intermodal rail," Seroka observes.

As further testament to the Suez Canal's potential, APL, which has been serving the Middle East for more than three decades, recently restructured its footprint in the region, transitioning from agency to fully owned status in Saudi Arabia/Bahrain and Egypt.

"While we expect significant growth in our core container shipping business, we are particularly focused on extending APL Logistics' value-added supply chain services," Seroka reports. "The establishment of our own operation in Saudi Arabia earlier this year is indicative of this commitment."

Elsewhere stateside, the Georgia Ports Authority recently signed a memorandum of understanding with the Suez Canal Authority to jointly promote all-water shipping between the Asia/Indian Subcontinent and the Port of Savannah. The agreement calls for concerted efforts to expand international trade by supporting market presences in the United States and Egypt and with common customers, as well as to stimulate the exchange of operations and IT information and expertise.

Last year alone, 67 percent of the port authority's total increase in trade, or an additional 296,989 TEUs, was largely a result of doubling its Suez services.

In light of soaring transportation costs, fresh interest in the Suez Canal and the opportunities presented to shippers eager to reroute Asian-origin shipments through a conceivably faster, more reliable, capacity-flush pipeline may yet give businesses further incentive to reconsider global supply networks. For Seroka, it's a foregone conclusion.

"The increased use of the Suez gateway has affected sourcing strategies because it offers more rapid access to fast-growing sourcing and destination markets such as South East Asia, South Asia, and the Middle East," he observes.

Only time will tell how this recent shift in transportation and sourcing strategy will impact long-term supply chain dynamics. But for the new Silk Road, and its modern-day merchants, time is on their side. ■

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3PLLINE

by Simon Kaye

Incoterms Let Importers Control Their Destiny

Global import and export merchandise trade is currently valued at nearly $12 trillion, according to the World Trade Organization, some 75 times more than in the mid-1960s. Despite this growth, many companies still use the same trading contract terms and structure that were prevalent decades ago. As a result, importers are missing a major opportunity to improve financial results by taking advantage of a little-known aspect of Incoterms 2000, the internationally accepted standard definitions of trade terms.

Incoterms (International Commercial Terms) were developed by the Paris-based International Chamber of Commerce in the 1930s, and have been regularly revised to reflect changes in transportation and documentation. They specify the exporting seller's and importing buyer's obligations regarding carriage, risks and costs, and establish basic terms of transport and delivery.

Incoterms *do not* define contractual rights other than for delivery, however, and both parties must specify the delivery terms, as well as issues such as loss insurance and title transfer–a fact often misunderstood when contracts are negotiated.

Even major global trading companies do not realize how much flexibility they have in determining how and when the title to goods they import will transfer. Importers can structure contracts of sale to use Incoterms, particularly terms under Group F such as "Free on Board" (FOB), that enable them to pay for import shipping. These terms allow them to control, manage, and track their shipments, while delaying the point at which they record the goods in their inventory.

GROUP C PITFALLS

Newer and smaller importers generally specify Group C Incoterms, in which the seller arranges and pays for the main carriage without assuming its risk–another fact often overlooked by importers. Importers believe it's more convenient for the seller to handle these details, but they may, in fact, pay more because the seller builds inflated shipping costs into its landed prices.

Incoterms also do not address the transfer of ownership, when transfer of title in goods occurs, or other considerations necessary for a complete contract of sale. The issue of the title transfer remains subject to the terms separately agreed on by the parties in the relevant contract of sale and applicable law.

Importers who take the initiative–and have the market clout–can specify in their contracts that title to the goods does not transfer from the seller until the importer takes possession at the port of entry or at a later point that they specify, even though the importer is paying the cost of freight. By deferring actual ownership until a future date, importers can delay accounting for costly shipments as inventory on their financial statements, lowering expenses and boosting reported income.

The sales contract can provide for supplier invoicing upon confirmed arrival at destination port, and tracking will be made available to the supplier online and via email notification. Online tracking systems give both the seller and buyer visibility, and allow for real-time cross-checking and timing of shipments.

It is important to note that any contract terms regarding transfer of title must conform to applicable tax and accounting standards. Each shipping contract that uses Incoterms is unique, and the parties must always specify that their contract is subject to Incoterms 2000. Structuring contracts this way provides the most advantageous transfer of title, giving a huge financial advantage to importers that pursue them. ■

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CARRIERS CORNER

by David L. Miller

Get Peace of Mind by Choosing the Right LTL Carrier

In the harried world of logistics, selecting a less-than-truckload (LTL) carrier is one of the most important decisions a shipper will make. LTL carriers that know and properly value the variables affecting the cost of goods delivered and the overall customer experience can mean the difference between keeping you satisfied or losing your business.

Shippers most value carriers that pick up and deliver when promised, maintain consistent transit times, and provide professional customer service, according to Mastio & Company's 2007 *LTL Customer Value and Loyalty* study. Addressing these concerns delivers what every shipper hopes to get and every carrier hopes to give: peace of mind. Carriers can best achieve that goal through a balance of attributes–consistency, reliability, and service.

CONSISTENCY
Getting It Right Every Time

A great LTL carrier must be consistent. Just as it's useless to patients for surgeons to perform successful operations *most* of the time, it's equally futile for a company to stake its reputation on a carrier that *usually* delivers on time. Will its next unscheduled delay affect your most critical delivery? Ensuring that you work with a carrier that maintains a strong consistency record helps mitigate that risk.

What contributes to a carrier's consistency? First, network breadth. Ask the carrier how many facilities it operates and where they are located, because every 10 miles from your site could exponentially affect the service quality you receive. Find out how many U.S. ZIP codes it can reach, and in how many days. Also look at its organizational structure. A single, coast-to-coast network with complete North American coverage is best equipped to provide consistency.

Next, look for network gaps. Carriers without a single, unified network have to fill those gaps and that inevitably means handing off your shipment to another carrier for final-mile delivery. Because every additional pair of hands that touches your freight increases the risk of delay or damage, shippers must decide whether they're willing to assume that risk. Broad, single-network coverage with the maximum number of direct service points provides the smoothest journey for your freight.

It also results in quicker, more convenient customer service. Whether your freight calls for a one-day, two-day, or long-haul solution, one call to a single number, with one pickup by your usual driver, makes doing business less complicated. If an LTL carrier you're considering can handle any size market and any length haul with one interaction–by phone, over the Web, or in person with the driver–you've found a carrier that can deliver.

RELIABILITY
Standards as High as Yours

It's crucial to evaluate not only the carrier's consistency but also its performance and delivery standards. Shippers want fast and reliable transit times, not a forced choice between speed and reliability. Finding the rare LTL carrier that can offer the confidence of both is vital in today's competitive landscape.

One important reliability indicator to consider is safety. Consistent safety performance is the foundation of carrier reliability. Incidents and accidents on the road can mean delays. Look for a carrier with a proven safety record. State trucking associations often track and publish carrier safety records and can be a good source of confirming data.

One safety initiative that is a frequent topic of conversation in the industry–speed governors on carriers' trucks–also supports environmental sustainability. A carrier that makes good business decisions designed to protect your shipment, its employees, the motoring public, and the environment is one

CONTINUED FROM PAGE 54

with a big-picture business model suggesting consistent performance.

An effective way to find a reliable carrier is through word of mouth. Who would know more about selecting an outstanding carrier than a fellow shipper? When it comes to performance, consistency, and responsibility, word travels fast. Referrals from a carrier's current customers provide the most powerful references available.

SERVICE
Investing in the Customer

Once a shipper has narrowed its search to LTL carriers offering similar performance and consistency levels, as well as broad coverage through a shipper-friendly single network, the next critical element to explore is service quality. The shipper must investigate what to expect from the relationship. Questions to ask should focus on the day-to-day communication, responsiveness, and support the carrier provides. Will you see a parade of unfamiliar faces picking up and delivering your freight, or a known and trusted professional who visits the site every day?

Another service element to explore is visibility into shipments, account details, and billing accuracy, as well as availability of customizable online tools that make it easier to do business. Will shippers have to ask about their freight's status, or will they have the ability to track it online 24/7?

Investment in the latest Web technology to make such features available shows a commitment to service beyond the simple transport of shipments from point A to point B. It shows a carrier capable of providing tools that respond to the shippers' needs. It's a measure of how well the carrier is able to gain trust and provide confidence and peace of mind.

The carrier's annual investment level in its business also indicates its health. The LTL business is a capital-intensive industry. To provide effective services, carriers must continually invest in infrastructure such as physical facilities, freight handling equipment, and new trucks and trailers. Carriers that run with old equipment and outmoded facilities will put your shipments–and your satisfaction–at risk.

All freight motor carriers are not alike. A seasoned, reliable carrier with a record of solid investment in its network and years of hard-won expertise in LTL as a core competency is most likely to deliver shipments the right way in the right time with the right service ... with no surprises. ■

MYTH: NO COST FREIGHT PAYMENT

The cost of some freight payment plans can add up. In the competitive business of freight transportation, carriers must operate with low profit margins to keep equipment moving. Any additional operating cost must be passed through to the customer. It began with fuel, is freight payment next? If the carrier has to pay to get paid, your entire shipping budget can be at risk.

"Each success only buys an admission ticket to a more difficult problem." - Henry Kissinger.

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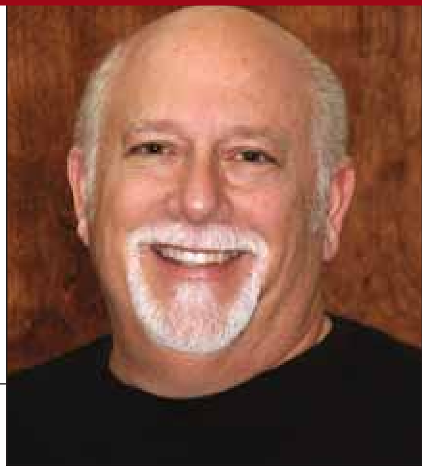

ITMATTERS

by Wayne Slossberg

GTM Technology: Why Not?

Global trade management (GTM) software simplifies trade compliance, provides visibility across the supply chain, and offers effective manufacturing cost sourcing. Yet the international supply chains of large companies are 50 percent automated at best, according to Aberdeen Group. This statistic begs the question: *Why aren't more companies investing in GTM software?*

Some businesses develop their own systems internally instead of purchasing a GTM solution. But due to the development time involved, in-house systems can become outdated even before they are implemented. They turn into ongoing monetary drains with little chance of ever achieving even a modest ROI.

MULTIPLE CHOICE

Why reinvent the wheel or stick with outdated systems? Every industry faces the same basic trade compliance issues regardless of product produced. Specialized software developed by logistics experts can help companies navigate these complex, ever-changing regulations. In fact, these applications often have a direct, electronic link to U.S. Customs that keeps systems updated in real time.

Some companies require many software solutions to accomplish the tasks a single GTM application can handle. The CIO of a Fortune 500 firm recently told me that purchasing GTM technology eliminated the need for six of the seven separate systems his company currently uses to manage trade. While additional systems might solve short-term needs, they fail to deliver the most critical benefit of GTM technology: comprehensive management data available within a single system in one format.

GETTING TO GO

Of course, many companies do recognize the benefits of GTM technology and pursue acquisition in earnest. Here, the due diligence process often creates the roadblock. On average, it can take 12 to 24 months to research available technology and choose a vendor. Over this period, the process can lose steam, especially in the budget approval phase.

IT staff and CIOs understand technology's value, but upper management individuals, especially financial decision makers, may not. They cite existing expenditures for brokers, freight forwarders, ERP systems allegedly containing import-export modules, and compliance personnel and question the need for additional technology. Compelling functionality and ROI data will sway decision makers within enlightened firms. In others, the acquisition process simply dies a slow death.

Sometimes, companies do without GTM technology because they fear being first. Many businesses refuse to implement GTM software until other firms, particularly their competitors, use it successfully.

THE PAYOFF

GTM is quickly becoming the last untapped area offering efficiencies that can increase revenue. Technology has already exploited most economies from production, warehousing, and distribution processes. Companies now must control trade practices, leverage preferential agreements, and eliminate weak links in their supply chain. GTM technology delivers the tools needed to tap these savings.

Companies that implement GTM solutions gain visibility across the supply chain. Milestone-monitoring features issue immediate alerts when problems occur and suggest corrective actions. Firms can source more effectively and calculate landed costs to within pennies. And because GTM systems eliminate problems such as incorrect or incomplete documentation, they expedite product movement through Customs.

As a result, firms face fewer inspections, fines, chargebacks, and headaches. And, should there be a need to produce records, all the documentation exists within the GTM system.

Firms willing to reexamine their business processes may find GTM technology a worthwhile investment. ■

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RISKS & REWARDS

ISSUES AFFECTING LIABILITY MANAGEMENT

by C. Daniel Negron

A Matter of Life and Death

Q: I am a freight forwarder providing a service in which I deliver ISO tanks to my customer, who fills them with hazardous liquids and gas. Once the tanks are filled, I arrange to have them transported from my customer's facility to their destination, usually in a foreign country. I recently read about a case where a tank filled with odorless, colorless argon gas had been delivered to a port for ocean shipment. The tank developed a leak at the port, and three dock workers were overcome by the fumes and died. I am concerned that I might one day face a case like this one. What should I do?

A: Tragic as this case is, the unfortunate reality is that such situations are becoming more common. A recent case addressed a similar situation with less dire consequences.

An operator arranged to have a tank of ammonia gas delivered to Panama. While at the port, the valve on the tank sprang a leak, and a port worker was overcome by the fumes. The dock worker's illness in that incident was not fatal, but his exposure to the ammonia was severe enough to require medical treatment.

The severity of these cases raises fundamental questions about the handling and storage of dangerous substances. Existing guidelines require that qualified personnel handle this cargo and owners periodically inspect their tank containers. In spite of the rules, accidents still occur because service providers fail to perform these actions. The greater your involvement in handling dangerous substances, the greater your risk of exposure.

Complications arise when you perform transportation services for one or more segments of the shipment, while relying on third parties to provide others. Although your responsibility is related to the extent of your involvement in handling the material, bear in mind that the extent to which you are responsible for the acts of third parties will also affect your liability. The protections you secure for yourself when choosing those providers will therefore be significant.

In a recent case, a ship operator leased a chassis from a leasing company and arranged for a trucker to transport a tank container containing a corrosive colorant. During transit, an accident occurred and the corrosive material leaked onto the road, creating a dangerous condition. In a vicarious liability jurisdiction, the steamship line and trucker would be held equally responsible for injuries resulting from the road accident, even though the ocean carrier did not actually handle the unit.

Forwarders who have no involvement in the actual handling or transportation of goods are nevertheless often accused of breaching their professional responsibility by failing in their duty to hire qualified third-party providers.

If you own tanks and make them available for customer use, you must comply with mandatory equipment guidelines. If you lease tanks from third parties or transport goods in tanks that your customer owns, ensure that you receive the proper indemnification from the party responsible for equipment maintenance.

If you arrange with third-party providers to transport a unit, make sure they are duly qualified to perform their services, and ask them for an indemnification for any accident arising from their services. In every case, satisfy yourself that both your shipper and your service providers are properly insured for their operations.

Finally, if you do become involved in an accident, notify your insurer immediately to have the situation assessed by a qualified surveyor. While you may be powerless to prevent a claimant from taking you to court, a properly documented transaction will help your defense. ■

[SNAPSHOT APPAREL]

[OVERVIEW] Sewing Up the Apparel Supply Chain

Weak supplier relationships, restrictive trade regulations, and brand counterfeiting can put a wrinkle in garment transport. How do apparel shippers keep from getting tied up in knots? BY LISA TERRY

The pants you are wearing were made in China, your shirt in Vietnam, socks in India, and that's a fine jacket imported from the United Arab Emirates.

U.S. apparel companies were driven to global sourcing by two fundamental realities: consumer demand for low prices, and the inability to automate significant parts of production. While some brands have developed expertise in managing long-distance, outsourced relationships, others find plenty of room for improvement.

Apparel runs the gamut from high fashion to uniforms to sports garments. But all companies share the pressure to shorten cycle times, drive down inventory costs, and keep styles fresh and in stock. Apparel companies are universally challenged to continuously develop unique products, produce and transport them quickly and at low cost, and meet retailer timetables and consumer demands.

"The need to differentiate themselves from competitors via unique designs and speed to market is an apparel company's biggest supply chain challenge," says Paul Muller, senior vice president, global air freight product at Ozburn-Hessey Logistics' Barthco International Division, a third-party logistics company headquartered in Brentwood, Tenn.

While the customer may be king, apparel companies must also satisfy additional audiences–U.S. Customs, which seems to pay particular attention to the apparel market; public and media pressure to be more socially and environmentally conscious; and retailers growing more stringent about quality, price, and delivery times.

[HOT TOPICS] Custom-Tailored Trends and Challenges

Strengthening Outsourcing Relationships Apparel companies' relationships with contract manufacturers in low-cost countries have historically been transient. Deals sometimes last only a few months as brands continuously pursue the lowest cost. On average, one-third to three-quarters of an apparel company's contractor portfolio turns over every year.

But this relationship-hopping comes with a price: poor product quality and contractors who are unwilling to invest in enhancing operations.

"Flitting from contractor to contractor hinders flexibility, hurts quality, and invites social compliance and visibility risk," says David Aquino, research director of the Industry Value Chain Strategies Service at AMR Research, Boston.

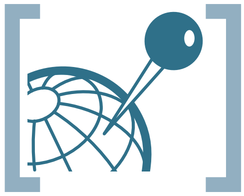
Some brands are ameliorating this risk by taking a more strategic approach and pledging longer-term commitments. They're also putting more feet on the ground – either their own local personnel or in-country logistics or sourcing partners. They're hoping a rationalization of suppliers and longer-term deals will build the trust required to spur contractors to invest in technology and equipment, boost quality, and prioritize their work.

Apparel companies are also setting up supplier portals to enhance long-distance communications. The most successful companies build global sourcing infrastructure slowly and methodically, rather than rushing in, Aquino says.

"We prefer to stay with the factories we have good relationships with," says Lisa Kuhns, account manager at The S Group, Portland, Ore., which maintains offices in major production countries to offer a local presence to apparel companies lacking the resources to build infrastructure themselves.

"Having strong relationships gives us better negotiating power, and helps hold down prices on behalf of apparel companies," Kuhns says.

In addition, apparel companies are getting more involved in raw materials sourcing, a task previously left to contract manufacturers. It's a strategy designed to shore up quality, which tends to suffer in the move from factory to factory.



Pinpointing New Low-Cost Countries Rising prices in southern China are driving apparel companies to new low-cost locations throughout Asia, and focus has begun to shift to African and Pacific Island countries. But sourcing from these countries can be risky because they lack apparel production training and infrastructure.

"Critical mass has to build up before large air and ocean carriers can offer fixed-day service out of a new location," says Tom Wyville, vice president of marketing for FMI, a Carteret, N.J.-based 3PL.

It's a challenge to move to less costly, industrialized areas without higher transportation costs wiping out the savings. 3PLs and sourcing partners are helping apparel companies by opening local offices that offer services to hold down logistics costs and provide visibility and quality control. Logistics strategies include blocking out space with air and ocean carriers and operating consolidation centers.

But the number of new sourcing locations is finite. "The

world is round, and eventually you come back to where you started," notes Mark Cohen, CEO of Tracy Evans Ltd., an apparel company that has returned to sourcing from Central America after a brief shift to Asia.

Smart apparel companies operate multiple supply chains, balancing near-shore with distant sourcing locations, and maintaining reserve capacity to meet unexpected demand.

Divert in Transit, DC Bypass, and Transloading Strategies Taking days out of supply chain cycle time can be essential in feeding a new trend. To cut delivery time, some apparel companies use consolidator facilities in Asia to collect multiple manufacturers' shipments into a container for a single customer, or to sell one customer a full container. They then bypass the manufacturer's U.S. distribution center and deliver directly to the customer's DC.

But coordinating that maneuver is tough. To discourage companies from ducking tariffs by manufacturing in one country and shipping out of a less-restricted one, Customs requires reams of data on the source of each order in a load.

Because trends are so volatile, retailers want to delay decisions about how to allocate a new garment order across stores. That's challenging supply chain managers to be flexible in how they pack and move goods.

"There is a big demand for reallocating in transit," says FMI's Wyville. "Companies that have supply chain visibility at origin can make diversions, reallocate in transit, and cut delivery time."

Another timesaver is transloading – terminating the ocean container at the port and moving goods onto domestic trailers – to avoid delays associated with rail. Transporting sealed containers to inland ports for Customs clearance also helps avoid port congestion backlogs.

Some fashion-forward apparel companies catch trends by employing a combination of ocean and air transport. An initial shipment moves by air, then a similarly designed item follows by ocean carrier at a lower price point to sustain sales.

Free Trade Agreements and Tariffs The impact of free trade agreements, tariffs, and Customs regulations are a constant concern for the apparel industry.

"U.S. Customs is currently coming down hard on the textile industry," says Gloria Columbe, textile team leader and licensed customs broker for St. Albans, Vt.-based logistics service provider A.N. Deringer. "It's one of the most monitored industries."

Quotas on China textile products conclude at the end of this year, but the possibility of new quotas or other restrictions looms whenever evidence of dumping arises. For example, in April the U.S. Commerce Department said it will impose a five-percent tariff on cotton socks imported from Honduras for six months to protect U.S. manufacturers. Moves like this make it difficult for apparel companies to project costs.

A new controversy is brewing over a U.S. Customs and Border Protection proposal, made in January, to eliminate the "first sale valuation." Importers use the first sale rule to reduce their duty payments. Ordinarily, an importer declares the customs value based on the price the importer pays to its vendor. Under the first sale rule, however, the importer declares the customs value based on the lower price the vendor pays to the manufacturer.

"This rule has been followed for more than 14 years based on well-established court decisions. Customs is proposing to eliminate the first sale rule, and instead require Customs value be declared based on the last

sale prior to importation of the goods into the United States," according to The Foreign Trade Association of Southern California. This move could significantly impact duties paid.

Fighting Counterfeiting and Diversion Apparel is a tempting target for counterfeiters. Protecting the brand becomes significantly more challenging as apparel companies outsource production.

"There is a low barrier to entry for manufacturing apparel. All you need is a sewing machine and relatively unskilled labor," notes Paul Chamandy, vice president of new business development for Avery Dennison, a Pasadena, Calif.-based maker of pressure-sensitive labeling materials that integrate brand protection features.

A comprehensive brand protection strategy might include tightly controlled label production and application, separate manufacture of sub-components, use of specialized or serialized tickets, and visibility to ensure product flows through authorized channels.

It's also tough to build trust with contract manufacturers when factory turnover is high.

"Companies that are most successful at protecting their brands invest a lot of time training Customs on their security measures and supply chain," says Chamandy, so the agency knows to question goods that fall outside those guidelines. "Data analysis helps detect abnormal trading patterns."

RFID has yet to take hold as an anti-counterfeit tool. "Many apparel companies can't justify the cost solely for the purpose of brand protection," says Chamandy. "As item-level RFID tagging goes mainstream for inventory visibility through the supply chain, however, using it as a brand protection tool will certainly follow."

Vertical Integration Many retailers want to cut out the middleman and differentiate their brand by increasing their

Sizing Up Technology Patterns

Managing long-distance production relationships requires visibility. But apparel companies are lagging in the necessary technology investments.

"Apparel companies talk a good game about the steps they want to take to improve speed to market, innovation, and streamlining operations, but many are still reticent about investing in technology," says David Aquino, AMR Research (*see chart, right*). "Many global sourcing groups still work in Excel spreadsheets."

The apparel industry was projected to grow technology spending by nine percent during 2007, but that growth is expected to slow to an average of 1.6 percent during 2008, according to AMR Research's January 2008 report, *Technology Trends in the Apparel Market: The Second Annual Apparel Research Study and Analysis*. But apparel companies sorely need to invest in technology to manage global issues such as quota management, work-in-process visibility, export compliance, and trade laws associated with reducing tax liability, the report says.

The Voluntary Interindustry Commerce Solutions (VICS) Association creates voluntary private label use.

At the same time, apparel brands are creating new business divisions to bypass retailers and get right to the consumer. All that has organizations scrambling to build expertise outside their core competencies.

"These confusing dynamics are further muddled by the push to divest more design, development, manufacturing, and logistics to third parties," notes AMR's *Top Technology Trends* report. "The gloves are now off: retailers and manufacturers will slug it out for consumer interactions."

The report found 41 percent of respondents planned to start a new e-commerce or catalog sales channel, sometimes requiring each-picking and small package delivery infrastructure for organizations built on case-level distribution.

Environmental and Social Responsibility Headline-making exposures of human rights violations in Asian factories already had the entire apparel industry on edge as they increased outsourcing to low-cost countries.

The effort continues as the industry steadily builds out infrastructure in-country to monitor factories for work conditions compliance, product quality, counterfeit protection, and order visibility, either through agents or internal representation.

Now add the growing pressure for companies of all types to go green. While still early, the apparel industry is making strides toward reducing waste.

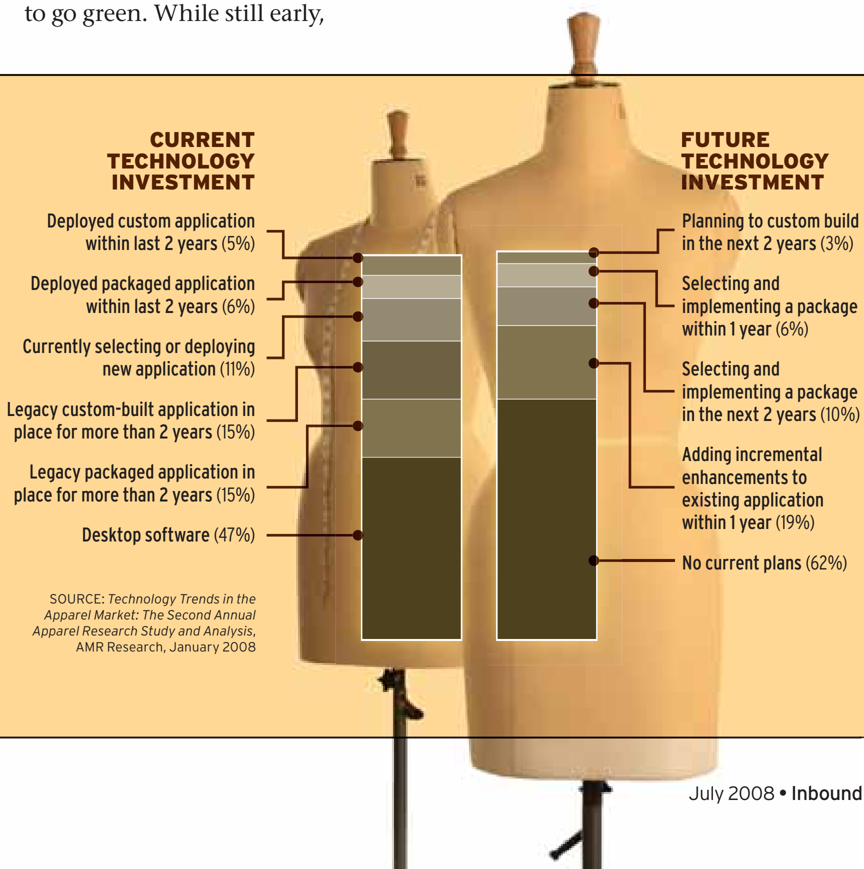
Many apparel SKUs are shipped already on the hanger to make it easier to stock stores. Nearly two decades ago, the The Voluntary Interindustry Commerce Solutions (VICS) Association developed a standard to ensure consistency in those hangers.

Now the association is spearheading a standard that calls for thinner, recyclable hangers that use 30 percent less plastic than the original VICS standard hanger.

The association is also trying to reduce empty backhauls by creating a portal allowing participants to list empty miles opportunities with their private or contracted fleets.

guidelines for retail and consumer industries, including EDI standards to simplify global trade. Its latest project is developing standardized materials definitions for use by global trading partners, first via written description and later numerically.

"Major retailers say they can reduce lead time by 50 percent via such collaborative product development," says Joe Andraski, president and chief executive officer of VICS.



SOURCE: *Technology Trends in the Apparel Market: The Second Annual Apparel Research Study and Analysis*, AMR Research, January 2008

SNAPSHOT
APPAREL

CASE STUDY

The Limited Supply Chain's Unlimited Scope

When you're both a manufacturer and retailer, managing international logistics means striking a balance between the "we-need-it-now" interests of the retail arm and the cost-saving goals of the logistics organization.

Now add a massive sourcing operation that uses contract manufacturers in 60 different countries, and you have the head-spinning challenges that drive daily operations for vertically integrated Limited Brands, the $10-billion, Columbus, Ohio, retailer of lingerie, personal care and beauty products, apparel, and accessories. The company's Limited Brands Logistics Services provides global logistics management and leadership to support its six retail businesses.

Retailers that balance postponing allocation with shipping pre-sorted and packed orders keep stores stocked with current trends.

"We have a large number of logistics programs in place, and we are challenged with leveraging information to manage our supply chain versus throwing people at it," says Chris Robeson, vice president of international logistics for Limited Brands Logistics Services. "It requires a lot of integration work to ensure data flows in from multiple systems and that we can synthesize it to have full visibility to product flows."

In addition to volume, fashion's volatility is The Limited supply chain's biggest challenge.

"The season's top-selling styles lead our business to different parts of the world because certain locations are better at manufacturing some products than others," Robeson says. So transportation capacity at each location ebbs and flows, a challenge to a supply chain organization seeking to control costs through predictable transportation use.

A source of contention in many retailer-supplier relationships is the need for retailers to postpone allocation as long as possible, while suppliers prefer performing the required store-level sorting and packing before they ship. Vertically integrated companies can strike a balance between the competing forces, but conveying the benefits of DC bypass or early

allocation isn't always easy.

"By postponing, retailers are tying our hands from a logistics perspective," says Robeson. "We communicate with them and try to extol the benefits of pre-allocation. On the retail side, there is less concern with cost versus how quickly they can get product to market."

But the organization has found ways to cushion the impact. For example, it profiles five to six store types and designs store-level cartons to suit, which eases sortation once goods hit the United States. For launch merchandise, the company developed an initial presentation assortment guideline, then asked suppliers to flow products down their production lines according to those designated size ranges, rather than producing a single size at a time. This process slows the cycle as the supplier slowly builds up inventory until it has a full assortment.

Domestically, The Limited sources lotions, soaps, and other personal care products from a number of suppliers in close geographic proximity. But the company was lacking the visibility to consolidate inbound product flows among those plants. To gain better control over domestic traffic and improve carrier communication and relationship management, Limited Brands Logistics Services deployed *Transportation Planning and Shipment Execution* applications from JDA Software, a Scottsdale, Ariz., developer of merchandising and supply chain software. While the company expected to achieve 10-percent savings on domestic transportation costs, the software delivered about 15 percent.

The company is exploring use of the software to manage international transportation; 30 to 40 percent of which moves by air. Currently, the company's freight forwarders and consolidators are charged with providing visibility by funneling data into an in-house solution. Suppliers dial into a single point of communication to access purchase orders, advance ship notices, customs documents, and other paperwork. This approach is helping The Limited come within one point of its target 95-percent on-time rate for each of the last few years.

Using data and tools to predict, understand, and control merchandise flow plays a key part in that metric. By using the suite of JDA and Manugistics tools, The Limited eases the impact of the volatile fashion business on its supply chain. The goal is "balancing the demand plan and how product flows to retail, reducing spikes through the network," Robeson says.

Try These Apparel 3PLs on for Size

A.N. Deringer
www.anderinger.com

Automated Distribution Systems
www.adslp.com

FMI International
www.fmiint.com

J. B. Hunt Transport Services
www.jbhunt.com

Maersk Logistics
www.maersklogistics.com

Ozburn-Hessey Logistics
www.ohlogistics.com

OIA Global Logistics
www.oiaglobal.com

Panalpina
www.panalpina.ch

Performance Team
www.ptgt.net

UTi Worldwide
www.go2uti.com

FROM THE BACKROOM TO THE BOARDROOM

Logistics Gets on the Agenda

Supply chain management is no longer a backroom function. It has secured its place at the boardroom table, and greatly impacts corporate success.

By Lisa Terry

Not all good ideas come from the executive suite. It was a Sunny Delight Beverages Company internal salesperson, for example, who believed Sunny D was missing an opportunity to sell to the dollar-store channel. So he worked with the company's supply chain managers to explore ways of adapting the juice beverage's packaging, pricing, shelf life, palletization, and distribution to meet the specific requirements of dollar stores. He then presented the idea to senior management.

That was 18 months ago. Today, the dollar-store channel represents a large and growing business segment for Sunny Delight Beverages, thanks to the company's ability to adapt its infrastructure to meet customer needs – and to listen to a good idea, even one that didn't originate in the boardroom.

Creating a culture where employees are comfortable recommending strategic direction to management, and working cross-functionally to make it happen, is a hallmark of a new breed of corporate leaders – those who are aware of supply chain management's impact on the organization. When the importance of supply chain management pervades an organization, its implications are intrinsic to daily decision-making, and collaboration with partners and customers is the rule. Companies that execute their supply chains well gain market share, profits, and favor with Wall Street.

But it wasn't always that way. For years, supply chain was considered a support function and a cost center; efficiency was its only goal.

"Companies historically viewed an efficient supply chain as a way to save money," says Nick LaHowchic, president of Diannic Ltd., a specialized consulting firm based in Fort Pierce, Fla., and former president and CEO of Limited Logistics Services. "Today, they are embracing the supply chain for its ability to add value and equity to the brand through the responsiveness, reliability, and/or differentiation it can provide."

The supply chain's star has risen to the point that it gets its share of lip service at the C-level. Some CEOs merely talk the talk, rather than truly walk the walk, and the result is often reflected in the balance sheet. But executives who embrace and internalize supply chain thinking run their organizations differently and see bottom-line results.

RESHUFFLING THE ORGANIZATION

One example is Spanish retail group Inditex, operator of the Zara chain, which is known for quickly turning out small runs of up-to-the-minute fashion trends that sell out in days, whetting customer appetites for the next hot look.

The company's two-week design-to-shelf production cycle is executed by cross-functional teams shaped around the consumer and product–including design, production, distribution, and sales talent–rather than the traditional, functionally based departmental organization founded in the industrial age.

Most well-run supply chain organizations, however, are not so radically organized. Instead, savvy C-level executives often foster cross-functional sharing while retaining traditional organizational charts.

"A CEO has to get the entire organization to first understand the importance of the supply chain, then live, celebrate, and grow with a supply chain-infused way of thinking," says Scott G. Stephen, executive vice president and general manager for Playboy Online, an entertainment venue that also operates the Playboy Catalog, PlayboyStore.com, and ShoptheBunny.com. Playboy Online is currently in the midst of transforming into a fully supply chain-based organization.

"Executives can't implement supply chain management, but they can educate so the organization can implement," Stephen adds.

At Sunny D, organization takes a backseat to the culture and tone set in the executive suite. Town meetings are among the tools that help bridge the horizontal and vertical lines separating middle and corporate management. Once a month, C-level executives meet with employees to review the financial statements top to bottom. They also provide a written update on how the company is performing against goals.

One fundamental of the corporate ethos at Sunny D is called "pipe," according to Billy Cyr, president and CEO.

"Pipe is how we source raw materials, our manufacturing capacity and capability, how product moves through the distribution network, and how it reaches the ultimate consumer," he explains.

Sunny D's main pipe is its chilled beverage category. When it tries to stray from that pipe–such as the debut of a shelf-stable line three years ago–it tends not to be as successful. That experience verified the lesson of the pipe: getting product to store shelves the right way is at least as important as the product itself.

"We end up incurring cost or service disadvantages when stepping outside that pipe," says Cyr. "Concern about our core capability is omnipresent as we consider future moves, including international markets."

CULTURE SHOCK

Transforming from a traditional to a supply chain-infused culture takes time–three to five years, by some accounts–as well as considerable evangelism effort from supply chain visionaries within the organization.

The best way to spread the supply chain gospel, whether it's an executive seeking to redirect the culture or a manager hoping to educate senior management, is by showing how supply chain initiatives align with the company's strategic objectives, says Diannic's LaHowchic.

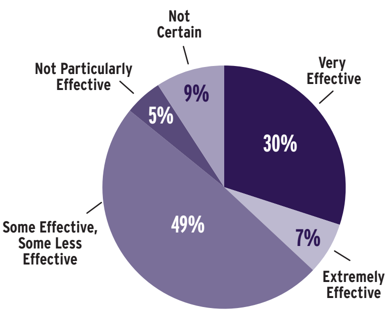
C–LEVEL EXECUTIVES SAY:

Logistics Approach Could Stand Some Improvement

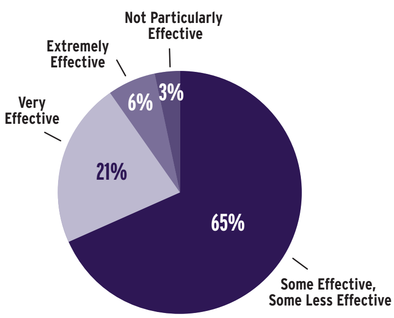
Logistics is starting to receive more C-level attention. But only 37 percent of senior executives at large, U.S.-based industrial manufacturers responding to a recent PricewaterhouseCoopers Manufacturing Barometer survey believe their companies' current distribution network and logistics approach is very effective or extremely effective. The majority believe it's a mix - some effective parts, some less effective, some not particularly effective.

Most of the industrial manufacturers responding to the survey (58 percent) have undertaken either a supply chain effectiveness assessment (48 percent) or risk assessment (39 percent) over the past year.

Were these assessments effective? The response is largely mixed - some parts are effective, and some less effective. Only 27 percent of respondents report a very effective or extremely effective result. In contrast, three percent say the assessments were not particularly effective.



EFFECTIVENESS OF APPROACH



EFFECTIVENESS OF ASSESSMENT

Source: Q4 2007 PricewaterhouseCoopers LLP Manufacturing Barometer

Use general business instead of supply chain terminology, and express its benefits in terms of the potential impact on sales, cash flow, market share, and competitive advantage, he recommends. Also, look for ways to knit supply chain thinking into the organization, and with suppliers and customers as well.

When he was president of supply chain services for medical technology company Becton, Dickinson and Company (BD), LaHowchic led a transformation from a product-oriented company focused on the design and manufacture of syringes and other medical equipment to a supply chain-oriented one: ensuring customers a steady supply of the right equipment at the right time, delivered to the right place.

One way LaHowchic fueled this thinking was by matching company sales reps with supply chain services salespeople. They made sales calls together and extolled the benefits of BD's ability to maintain inventory of critical supplies, adding to the value proposition of what is essentially a commodity.

BENCHMARKS AND METRICS

Expounding early and often upon the role of the supply chain in attaining corporate goals is a key part of the transformation process, but it doesn't happen in a vacuum. C-level executives need to implement external benchmarks and internal metrics to more accurately measure progress toward meeting supply chain goals, advise John Mentzer and J. Paul Dittmann, professors at the University of Tennessee, and Reuben E. Slone, OfficeMax executive vice president of supply chain, co-authors of the *Harvard Business Review* article, *Are You the Weakest Link in Your Company's Supply Chain?*

The old maxim applies: What gets measured gets rewarded and what gets rewarded gets done, Mentzer says. He and his co-authors advise supply chain leaders to combine those metrics with incentives.

"For example, I serve on the board of one company where three departments were rewarded for fighting with each other," he says. "Purchasing was paid to keep prices down, store operations was charged with selling at a profit, and logistics' job was to move merchandise through the system efficiently.

"The CEO got it," Mentzer continues. "He created a combined metrics system using gross profit dollars. Suddenly, all three departments became interested in supply chain management."

For Sunny D, getting products to the shelves the right way is as important as the product itself, especially when expanding the brand to international markets.

SWING YOUR PARTNER

Suppliers and customers can also be brought in to such a plan, sharing the benefit of working collaboratively to attain pre-set goals. It's an arrangement that pays for itself through mutual savings.

At Sunny D, for example, Cyr meets at least once a year with the company's top 20 to 25 supply chain partners, including Transplace, its third-party logistics provider. The ability to truly work collaboratively with partners is a hallmark of an organization's supply chain skillset.

Technology also plays a key role in transforming to a supply chain-oriented culture. The advancement of technology means that everyone in the organization has the information they need, when they need it. That enables them to make decisions in real time, and to make multiple decisions across departments, rather than in silos. Working that way requires a different style of management and an organization that's comfortable with a multi-tasking business model.

It's easy to tell when the corner office lacks that kind of perspective.

"Look at organizations that are not represented well by their supply chains," says LaHowchic. "Market share isn't what it could be, consumer regard is low.

"Many classically trained and experienced CEOs have never seen the supply chain as a way to better connect to and deliver improved value to the consumer, or as a bridge across trading partners," he adds.

> **"A CEO has to get the entire organization to live, celebrate, and grow with a supply chain-infused way of thinking."**
>
> Scott G. Stephen, executive VP and general manager, Playboy Online

CEOs can exert a positive or negative influence on the supply chain in several key areas, according to *Are You the Weakest Link in Your Company's Supply Chain?* These are:

- Picking the right leaders.
- Initiating benchmarking and the correct metrics.
- Setting incentives.
- Keeping up with technology and trends.
- Factoring supply chain management into business plans.
- Resisting the tyranny of short-term thinking.

AMERICA'S GOT TALENT

Savvy companies are increasingly seeking out supply chain talent to maximize the benefits of a supply chain-oriented focus.

Supply chain is increasingly viewed as a new path to the corner office. It's not that someone with a finance or operations background, for instance, has any less of a shot, but the ceiling for supply chain executives has been removed.

Here's why.

Executives growing up through the supply chain organization "spend more time working cross-functionally within and across the organization," says LaHowchic. That experience helps them develop international, multi-cultural, and multi-lingual expertise.

"Supply chain executives have a less power-based, more collaborative management style, and exercise those muscles more than executives in other functions," he says. They lead through fellowship, not followship.

"The top supply chain officer ought to be president of the company," says the University of Tennessee's Mentzer. "All C-level positions need to understand supply chain management."

Sunny D prefers recruiting supply chain talent–at all levels–from mid-size companies rather than large ones, to gain a broad perspective. The company organizes C-level responsibilities around individual skills and experience rather than traditional departmental categories.

Internal departments aren't the only place supply chain-infused companies are seeking talent. The board of directors increasingly recognizes the need for supply chain expertise as part of its fiduciary duty to protect stockholder interests.

"Board members put a different lens to strategic discussions," says LaHowchic, who sits on two boards in that capacity.

Mentzer, also a member of two boards, takes an activist approach to the job, meeting separately once a month with the CEO and chief supply chain officer to discuss supply chain issues. One board on which he sits is currently seeking a board member with experience in China, to bolster the company's supply chain activities in that country.

In general, corporate boards are developing an interest in supply chain management and are asking more insightful questions of executives, Mentzer notes. That helps as companies also begin to educate Wall Street on the power of the supply chain.

Even private companies are tapping investors for input on supply chain decisions.

"I try not to make all strategic decisions on my own," says Ben Serotta, CEO of privately-held custom bike manufacturer Serotta, based in Saratoga Springs, N.Y. A small group of investors, a board of directors, and an internal steering committee that includes supply chain expertise help the CEO approach decisions collaboratively.

WALL STREET TAKES STOCK

The challenge of balancing long-payoff projects with the relentless quarterly expectations of Wall Street is nothing new. But analysts are beginning to heed the gospel of the supply chain and use it as a new measuring stick.

"Fifteen years ago, when a company wrote off unprofitable assets, its stock went down," notes Mentzer. "Today it goes up. It's an indication that the board doesn't want to waste time on unprofitable activities.

"Analysts are asking insightful supply chain questions and Wall Street is starting to reward excellent supply chain management with higher stock prices," he adds.

But that doesn't mean their patience is unlimited, one reason behind the movement to reject quarterly reporting. Public companies are seeking some of the latitude private companies enjoy, including the ability to make investments with long-term benefits without concern for short-term balance sheet impact.

Private but highly leveraged companies face similar challenges to public

ones–they need to meet the often short-term goals of stakeholders rather than the long-term pursuits that supply chain projects often require.

Chief executives at private companies also can make decisions that indulge the kind of gut-check that public stockholders would be unlikely to tolerate.

Ben Serotta is one such executive. When he founded Serotta, the custom bike industry was served by specialist suppliers and small job shops creating short-run parts. That was fine when these small contractors were plentiful and customers were willing to wait as long as one year for a made-to-measure ride.

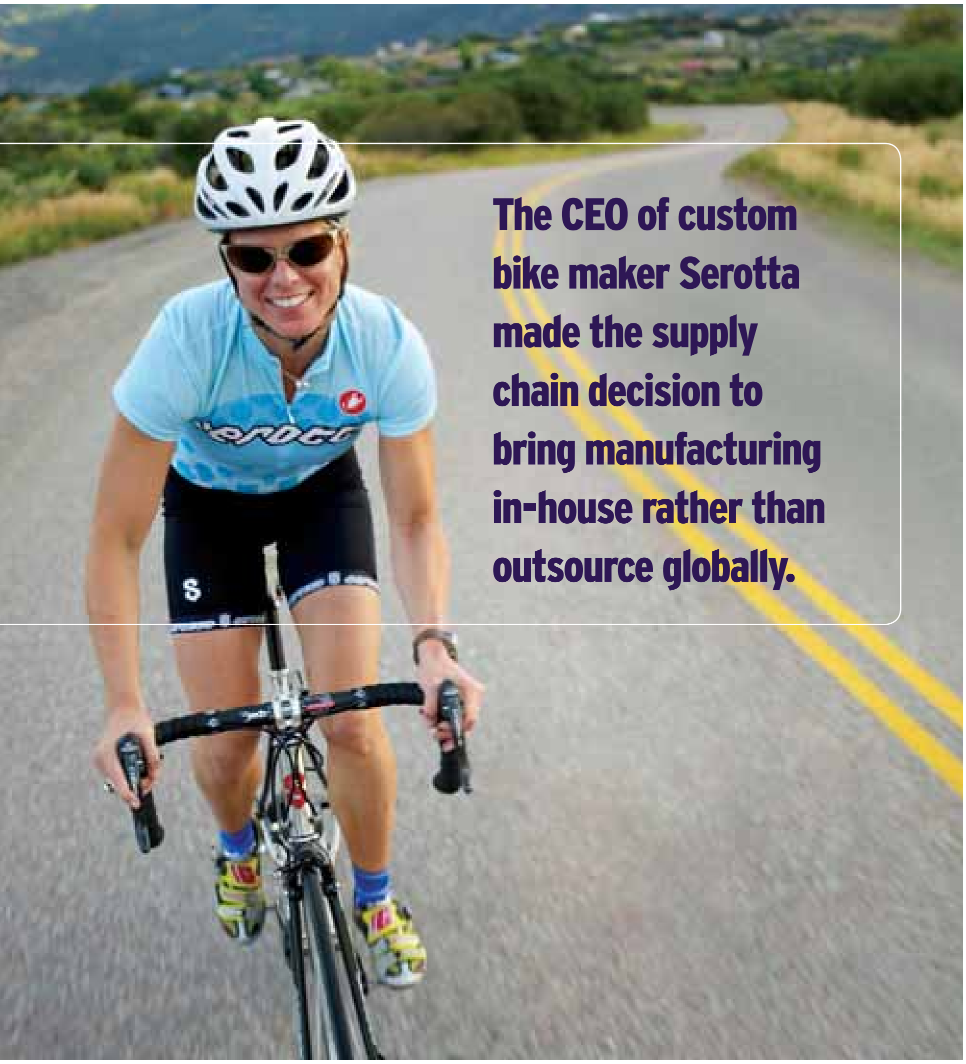
But when large bike companies began shifting parts manufacturing overseas, job shops dried up. A few years ago, Serotta made the decision to vertically integrate, and add two new businesses: a computer-controlled machine shop and a composite modeling operation that turns raw titanium, carbon fiber, and steel into various bicycle parts.

The decision to develop manufacturing capability in-house rather than outsource grew in part from the pride the facility took in its quality of work, as well as from Ben Serotta's belief that "a lot of what we do is worth the good fight. We're in business not just to be in business but because we like creating beautiful things. I was stubborn about not sourcing offshore."

Serotta and an internal advisory group decided to bite the bullet, not just because of a romantic belief in "Made-in-the-USA," but because of the supply chain relief the decision allowed. Because it buys only raw materials that it can transform into one of several different parts according to demand, the company reduces inventory carrying costs.

The move also helps balance the fickle nature of the custom bike buyer, whose tastes may change quickly from titanium to carbon fiber to steel frames and forks. It also allows Serotta to deliver a custom bike in approximately six weeks, just about as long as customers will tolerate.

"These new capabilities allow us to deliver more value to customers willing to wait, and our technology is more advanced than our competitors," says Serotta. The company also avoids some of the quality and intellectual property issues other companies face when sourcing globally.



The CEO of custom bike maker Serotta made the supply chain decision to bring manufacturing in-house rather than outsource globally.

CURING THE CAPACITY CRUNCH

Command Medical, an Ormond Beach, Fla.-based contract manufacturer of medical equipment, gained similar process efficiencies two years ago.

Seeking additional production capacity, the company supplemented its Florida operations with a new facility in Nicaragua rather than Asia, saving 20 to 30 percent in labor costs while netting an eight-day ocean transit time to and from Miami.

Command Medical is currently quadrupling its square footage at the new facility, and took the opportunity to reevaluate where raw material storage and kitting activities occur. It also examined its ability to cube out shipments by transferring long-term inventory as needed among its U.S. and South American facilities.

The move allows the company to be "a lot more entrepreneurial," says David Slick, CEO. "Compared to public companies, we can make quick decisions based on business merits only."

Private companies devoting large chunks of cash to quickly transform their supply chains while their public competitors hedge their bets is an oftrepeated pattern.

"If I tell the CEO of a public company he can do three things to enhance the supply chain, but they will cause the stock to get hammered, he will not do them," says Mentzer. "But if I tell a private company CEO he will lose money for six months, then see a profit, he'll say 'let's start tomorrow.'

"Supply chain decisions often hurt earnings for a few quarters, then make a lot of money," he notes.

TOOLS FOR THE FUTURE

Focusing on the supply chain from the top down will be essential as companies face new market challenges in the years ahead.

One challenge currently impacting strategic direction is the green movement. Media, non-governmental organizations, and consumers are ramping up pressure on companies to reduce their carbon footprints.

Supply chain plays a critical role in green strategies, providing opportunities for brands to rethink processes from design through delivery. When the market starts to reward green practices and penalize environmentally unfriendly ones, the executive suite pays attention.

Another looming challenge is deteriorating U.S. transportation infrastructure. "U.S. ports will exceed capacity in two years," asserts Mentzer. This issue is spurring shipper interest in Canadian and Mexican ports. But that doesn't solve the problem, because under-funded domestic transportation threatens the ability to move those goods.

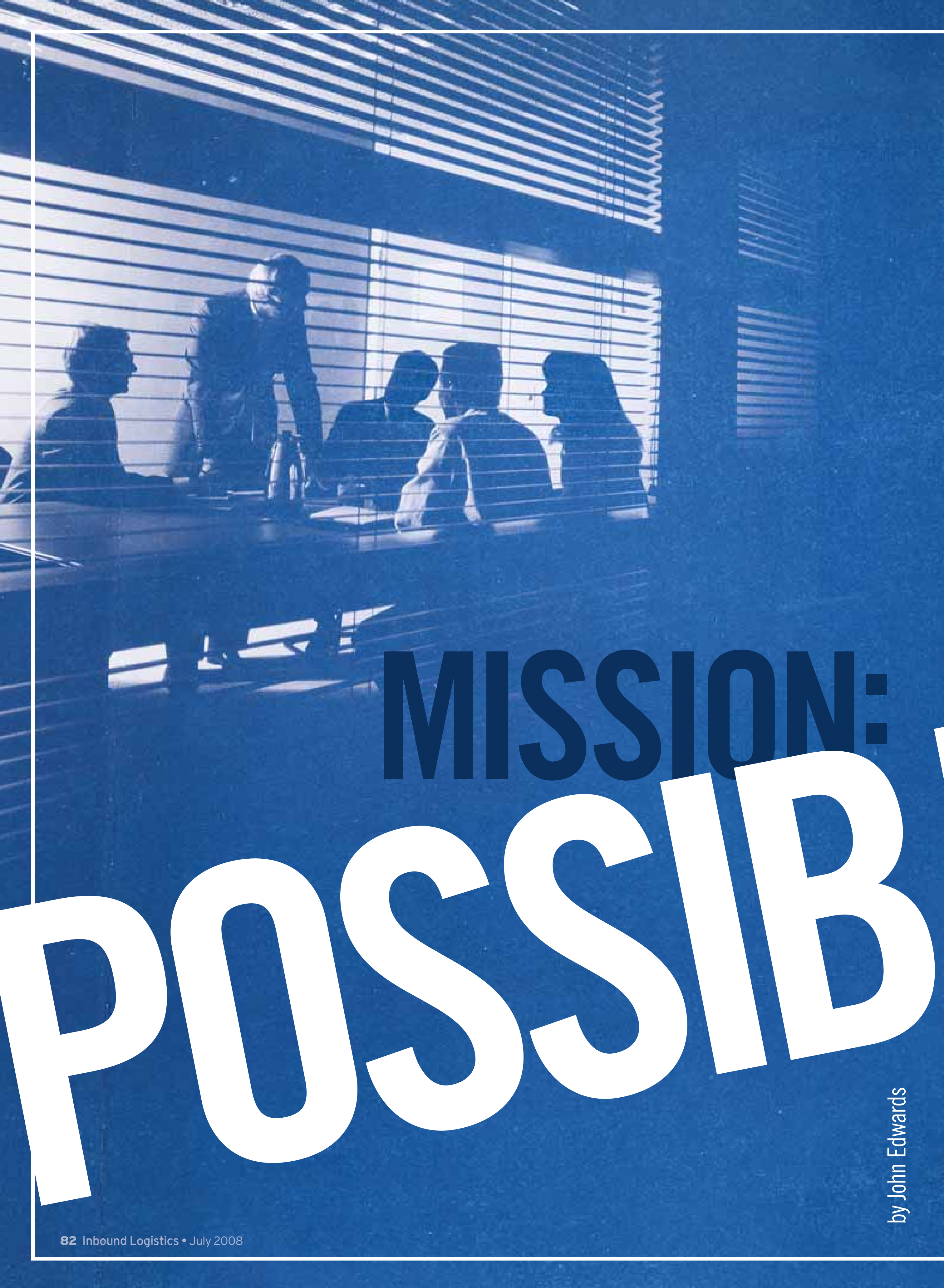
"We're under-funding railroads, ports, and the air transportation system," Mentzer says. "China's number-one trade concern is not its infrastructure, it's ours. To cope, we'll see dramatic shifts in trade patterns, such as moving production to Central or South America to take advantage of the Supercorridor into Mid-America, over the next five to 10 years."

The evolution of supply chain technology will also challenge executive leadership to transform the business and take advantage of new capabilities and paradigms.

"CEOs are concerned with achieving multi-tasking, getting business to work in real time," says LaHowchic. This will enable companies to, for example, shorten cycle times and rapidly test new ideas as opposed to forecasting what they believe consumers will buy.

PERFECT MATCH

The globalization of business goes hand-in-glove with the skillsets and collaborative thinking required to execute a supply chain that contributes value to products and services. Companies are readjusting their culture and processes to adopt a new style of thinking, communicating, and applying technology as the gospel of supply chain continues to win converts in the executive suite. ■



MISSION: POSSIB

by John Edwards

Their mission, should they decide to accept it, is to transport sensitive materials around the globe. They'll grapple with issues of size, time, cost, scheduling, security, and fragility. Failure is not an option. They are project logistics professionals.*

PROJECT LOGISTICS

LE

OBJECTIVES:

*This article will *not* self-destruct in five seconds.

Whether they're transporting priceless objects between museums, delivering life-saving medical products, provisioning one-of-a-kind public events, or simply opening a new store, the people who work in the hectic, high-pressure world of project logistics routinely handle critical shipments encumbered with unique characteristics and demands. They must typically cope with long-distance hauls, oversized cargo, perishable items, fragile merchandise, and various other types of hard-to-handle shipments. They often face time and security constraints as well as the need to reach remote and difficult-to-access locations.

Project logistics imposes demands and carries responsibilities that might make a typical logistics manager cringe with horror or cry in despair. "It's not an area for the meek," says David Simchi-Levi, a supply chain analyst with the Institute for Operations Research and Management Sciences (INFORMS), a society of operations research professionals based in Hanover, Md. "Special-needs logistics situations are generally so demanding that few enterprises are willing or capable of supporting them on their own."

The companies that do handle project logistics are "fixers" – capable of tackling just about any assignment, no matter how difficult or complex. Project logistics experts pride themselves on being able to offer a level of in-depth knowledge about shipping modes, schedules, routes, handling procedures, local services, and government regulations that even the most capable mainstream third-party logistics (3PL) provider might be hard-pressed to match.

Businesses tackling critical projects can benefit from an outside expert to handle customs, security, and other crucial details, says Dominique Bischoff-Brown, chief operating officer of New York-based project logistics specialist Quick International Courier.

"Because the rules change every day, companies risk a serious disaster if they lack compliance understanding or proceed without proper support," she says. "Project logistics providers are heavily regulated."

For most companies facing unique projects, it simply doesn't pay to train employees in processes and regulations that they may never again encounter. "For such business needs, outsourcing is the logical solution," Simchi-Levi says.

On the following pages, learn how three project logistics providers handled mission-critical challenges: mobilizing a 2,000-year-old army, rushing life-saving perishables to Africa, and performing a logistics balancing act.

TROOP MOVEMENTS

China's priceless Terracotta Warriors invade major cities this year, thanks to a plan of attack masterminded by UPS.

When Shi Huang Di, the first emperor of China, began building his terracotta army in 210 B.C., he never imagined that many of its members would one day be whisked halfway around the world to tour major cities in a continent that he didn't even know existed. Yet that's exactly what's happening this year.

Atlanta's High Museum, working with the British Museum, has arranged for selected pieces of the Terracotta Warriors collection to visit several U.S. cities, giving museum-goers a close-up, once-in-a-lifetime view. The High is an experienced hand at arranging tours of such one-of-a-kind art collections. Most notably, in 2006, the museum launched "Louvre Atlanta," a three-year series of exhibitions showcasing hundreds of masterpieces from the Louvre Museum in Paris.

Over the years, the institution has gradually become an expert at project logistics. It's a trend that's sweeping the museum world. "Many museums now employ registrars to arrange logistics and insurance for their exhibitions," says Frances R. Francis, the High's registrar.

Even with the High's experience handling high-profile international exhibitions, getting the Terracotta Warriors to the United States wasn't easy. The detailed, life-like warriors are no toy army. The figures range in height from six to 6.5 feet, according to their role (the generals are the tallest). Other figures include foot soldiers, officials, acrobats, strongmen, and musicians, as well as horses and chariots.

To move these formidable objects to the states, the High turned to UPS, the carrier it worked with to transport the Louvre masterpieces.

MARCHING ORDERS. Like the Greeks' Trojan Horse, specially constructed crates keep soldiers under wraps as UPS prepares the cargo for transport in its 747-400.

"UPS has proven to be a responsive and effective carrier for international museum loans, and we knew it would be well-positioned to handle this project because of its depth of experience in Asia, both as an official carrier for the Beijing Olympics and its prior success transporting pandas to the Atlanta Zoo and whale sharks to the Georgia Aquarium," Francis says.

Getting the figures to the United States was a massive job. In Shanghai, the exhibit was packed into 42 specially constructed crates that were loaded onto a 747-400. A giant air freighter was built with a nose that rises and flips open, allowing the large cargo to load through the front. "We wanted to load the cargo in the safest possible

way, with plenty of room to spare," says Bland Matthews, loadmaster for Atlanta-based UPS Airlines and head of the team coordinating the Terracotta Warriors shipping project.

Specialists in China designed the project's crates and packing techniques to insulate the artifacts from extreme temperatures and humidity, and protect them from vibration.

"The horse, for example, is suspended within a cushioned inner frame to prevent stress on its long, slender legs," Francis notes.

At each transit phase, UPS worked closely with the Chinese specialists and handling agents to ensure the crates were treated not just with care, but with respect for the contents as national treasures.

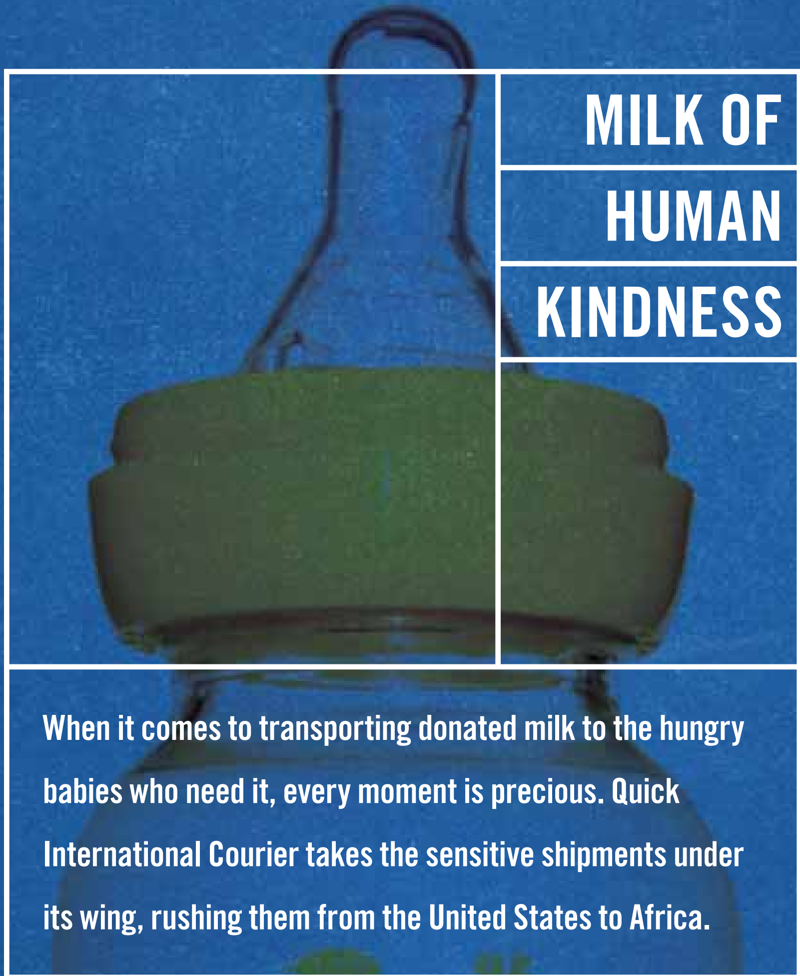
UPS flew the Warriors to Anchorage, then to its Ontario, Calif., air hub, where workers loaded them on three UPS Freight trucks equipped with air-ride trailers. The figures' first stop was the Bowers Museum in Santa Ana, Calif. The exhibit debuted at the museum May 18, 2008. Over the next two years, the Warriors will be trucked from Santa Ana to museums in Houston and Washington, as well as the High. In 2010, the exhibit will fly back to China from Washington.

Fragile, Handle with Care

While the Terracotta Warriors exhibit is exceptional, so are virtually all touring museum exhibits. "Due to the fragility and value of the objects, all museum shipments require expedited transport with enhanced security," Francis says.

Often, the owners or lenders of the objects require personal oversight of all handling, to the extent that they will accompany the objects in transport.

Museums and other institutions interested in obtaining exhibits from sister organizations have a variety of planning sources at their disposal. "The American Association of Museums, The American Institute for Conservation of Historic & Artistic Works, and the National Park Service, among others, offer a wealth of resources and publications related to the safe packing and transport of fragile objects," says Francis.



MILK OF HUMAN KINDNESS

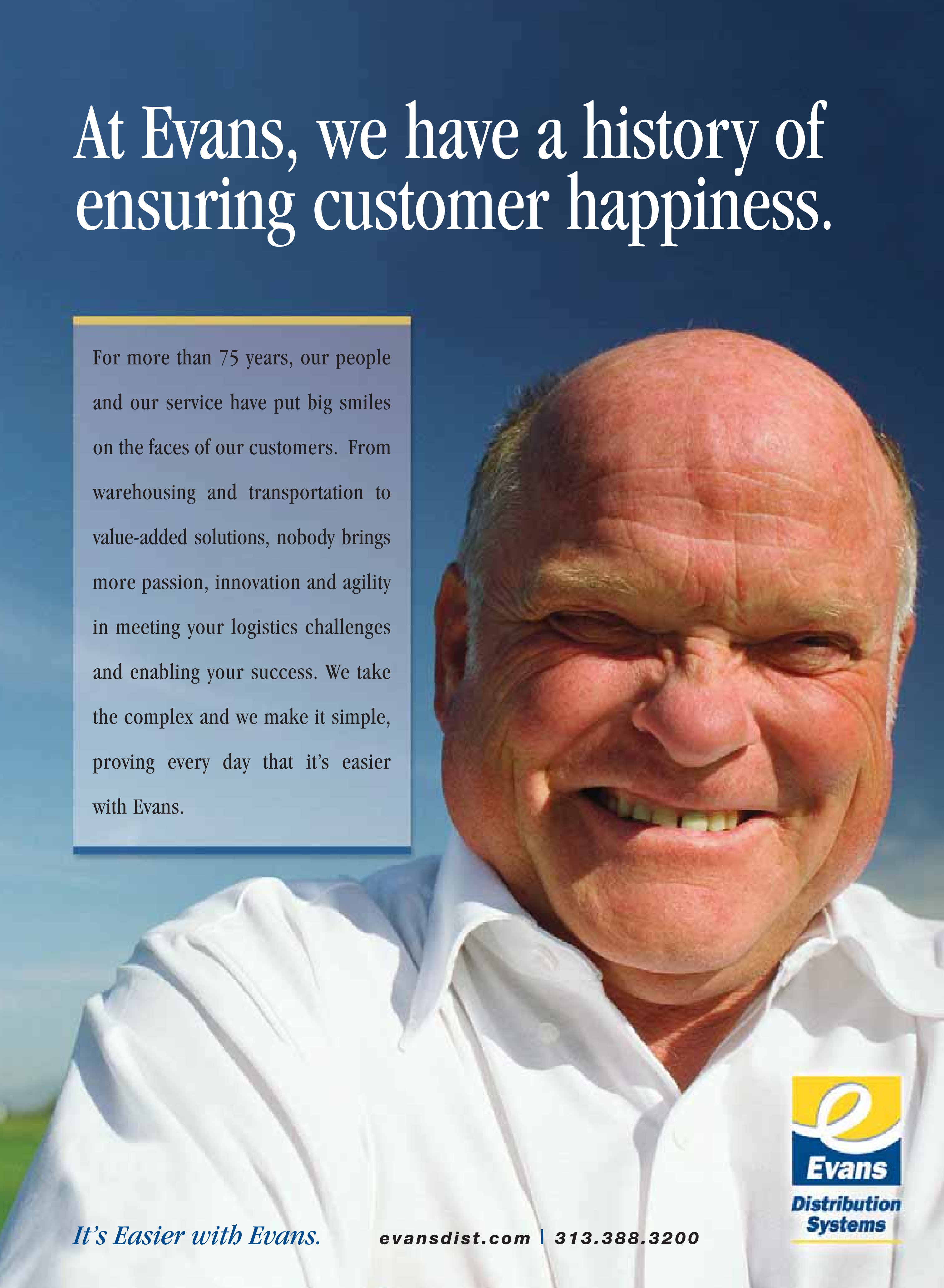
When it comes to transporting donated milk to the hungry babies who need it, every moment is precious. Quick International Courier takes the sensitive shipments under its wing, rushing them from the United States to Africa.

Logistics projects don't get more special than the consignments provided by the International Breast Milk Project. The organization, based in Rochester, Minn., accepts donations of breast milk from mothers in the United States to feed babies in Africa who have been orphaned or abandoned as a result of HIV/AIDs.

Since the organization's inception in 2006, more than 800 mothers have applied to provide their milk to the project. Moving easily spoiled breast milk from the United States to Africa is a demanding logistics project. "One slip-up along the way, and everything is ruined," says Jill Youse, the International Breast Milk Project's founder and executive director.

Due to the critical nature of its lifesaving shipments, the organization's project managers must ensure that the milk is treated with special care by cold chain transportation specialists, from pickup through final delivery. The shipment's temperature must be monitored and maintained throughout transit and the delivery time must be precise in order to ensure the product's viability.

"The milk is tested, screened, processed, and bottled," Youse explains. "Then it's labeled with fat, calories, and protein content information."


At Evans, we have a history of ensuring customer happiness.
For more than 75 years, our people and our service have put big smiles on the faces of our customers. From warehousing and transportation to value-added solutions, nobody brings more passion, innovation and agility in meeting your logistics challenges and enabling your success. We take the complex and we make it simple, proving every day that it's easier with Evans.
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Distribution Systems

Next, the milk is frozen and loaded onto pallets and into special breast milk shipping containers.

When it reaches its destination, the shipment goes into local cold storage, and the organization receiving the milk collects it as needed.

The project typically pays carriers to move its shipments, but sometimes the services are donated. Last year, for example, Quick International Courier, a global priority transportation service provider, donated its expertise and services to move a milk shipment from the United States to Durban, South Africa.

Quick got involved in the project after Steve Zeiger, a company account representative, saw a news story about it. Impressed, Zeiger investigated how his company could contribute to the cause. Quick was well-prepared to provide assistance because the company's teams handle everything from mission-critical documents and packages to perishable and high-value items, such as vital medical devices and transplantable organs.

Quick moved 5,300 ounces of donated milk to the iThemba Lethu orphan home, a non-profit organization based in Durban.

"Project logistics can be a business lifesaver," Quick COO Bischoff-Brown says, "but it can save human lives as well."

ROAD SHOW

Cirque du Soleil's demanding tour schedule leaves no room for missed cues. Rock-It Cargo's logistics planning makes sure the show can go on.

Founded in 1984 as a group of 20 street performers, Cirque du Soleil has grown over the years to become one of the world's largest and best-known entertainment organizations. With almost 4,000 employees from more than 40 countries–including 1,000 performers–Montreal-based Cirque du Soleil is renowned for its shows combining acrobatics, dance, music, and art.

Nearly 80 million spectators in more than 200 cities on five continents have enjoyed the company's performances. In 2008, Cirque du Soleil will present 18 simultaneous mobile and fixed-location shows inside theaters, arenas, big-top tents, and other venues around the world. It's a schedule that's both challenging and daunting.

Cirque du Soleil's logistics strategy

is every bit as acrobatic, dazzling, and demanding as the company's onstage performances.

"We manage one of the most complex tour logistics operations imaginable," says Bernard Dubuc, Cirque du Soleil's senior director of technical operations. Few performance organizations supervise a half-dozen simultaneous tours located at various points worldwide, each with 50-plus trucks packed with sets, costumes, massive tents, kitchens, restroom facilities, and various types of production equipment.

POPPED TOP. With little setup time to spare for mistakes, it's vital that Cirque du Soleil's tents and production equipment arrive on schedule.

"We play the Arab world, South America, North America, Eastern Europe, Russia, and Australia, and we're trying our hand at Africa soon," Dubuc says. "This is not an easy gig."

Planning is essential to keep everything running smoothly, and everyone involved must know their roles. Customs regulations, for example, vary widely between countries, and each troupe's tightly managed schedule doesn't allow for surprises.

"We can't arrive at the gate and discover we aren't allowed to import a certain product into the country," Dubuc says. "We can't find out we have a problem that day; we need to find out about it earlier, then find time to fix it."

Cirque du Soleil currently plans its tour schedules nine to 12 months in advance, and divides its project logistics work into two categories. Events in the United States, Canada, and Europe are handled by Cirque du Soleil, which contracts out shipping services to various carriers. Shipments for troupes touring elsewhere in the world are handled by Rock-It Cargo, a Los Angeles-based company that specializes in performance tour logistics. In addition to Cirque du Soleil, Rock-It provides logistics support to performers ranging from Pearl Jam to the Boston Symphony Orchestra, as well as a variety of museums and other cultural institutions.

Both Cirque du Soleil and Rock-It use a variety of transportation modes, including trucks, jumbo jets, and even ships (when items have to be transferred between continents and time allows), to move freight between locations. Time pressures, in fact, are never far from Dubuc's mind.

"In show business, all shipments are extremely time-sensitive, because tickets have been sold," he says. "The construction business is considered time sensitive, but opening a building a day late is not fatal." Missing a single performance, however, can create serious financial consequences for Cirque du Soleil. "Missing just one show could completely wipe out the financials of the move," Dubuc says.

Yet circumstances beyond the control of either Cirque du Soleil or Rock-It continuously threaten to devastate even the most carefully constructed plans.

"Boats do sometimes arrive a day late because of bad weather or other factors," Dubuc says. "It happens–we live in the real world."

But Dubuc, who has worked in the logistics field since 1969, is proud that his company has never lost a performance due to a lack of organization or planning, either in-house or at Rock-It.

Playing a Role

Dubuc attributes Cirque du Soleil's flawless track record to honest, straightforward communications both internally and with Rock-It. He notes that the logistics provider plays an integral role in Cirque du Soleil's scheduling operations.

"Rock-It takes part in all planning meetings," says Dubac. "That's important for a successful partnership." He appreciates that if a logistics problem arises, Rock-It immediately alerts him so that a solution can be found. "More minds working together typically solve any problem," he adds.

Cirque du Soleil began its relationship with Rock-It in 2001 when moving a show from Europe to Miami. "A friend who was handling the 'Aida' opera tour suggested them," Dubuc recalls. He contacted Rock-It CEO David Bernstein and told him about his need to move the massive production across the Atlantic.

"Bernstein said, 'no problem,' and he kept his promise," Dubuc says. Rock-It's ability to quickly address and solve the challenge impressed him.

While missed performances may threaten to dent Cirque du Soleil's bottom line, smart logistics planning can result in significant savings. That's where Rock-It's global expertise and knowledge of local regulations and optimum

shipping modes to the remotest locations comes in handy.

"If Rock-It can save us even one day, we take it," Dubuc says.

Rock-It's ability to ferret out time–and money-saving information–impresses Dubac. "If I need information about customs into Burma, they'll have it within 12 hours," he notes. Like many global project logistics firms, Rock-It maintains offices and agents in cities worldwide.

Dubuc says that Cirque du Soleil wouldn't be able to operate as efficiently or productively on the global stage without the help of its project logistics provider.

"Rock-It Cargo is an example of how to outsource a problem," he says.

In Other Realms

Most project logistics initiatives aren't nearly as glamorous as transporting ancient relics, life-sustaining fluids, or Las Vegas-caliber production sets. In fact, the majority of projects are mundane events – stocking a new store, relocating a production facility, rebranding a business in a way that won't tip off the competition, or simply delivering exhibits to a trade show.

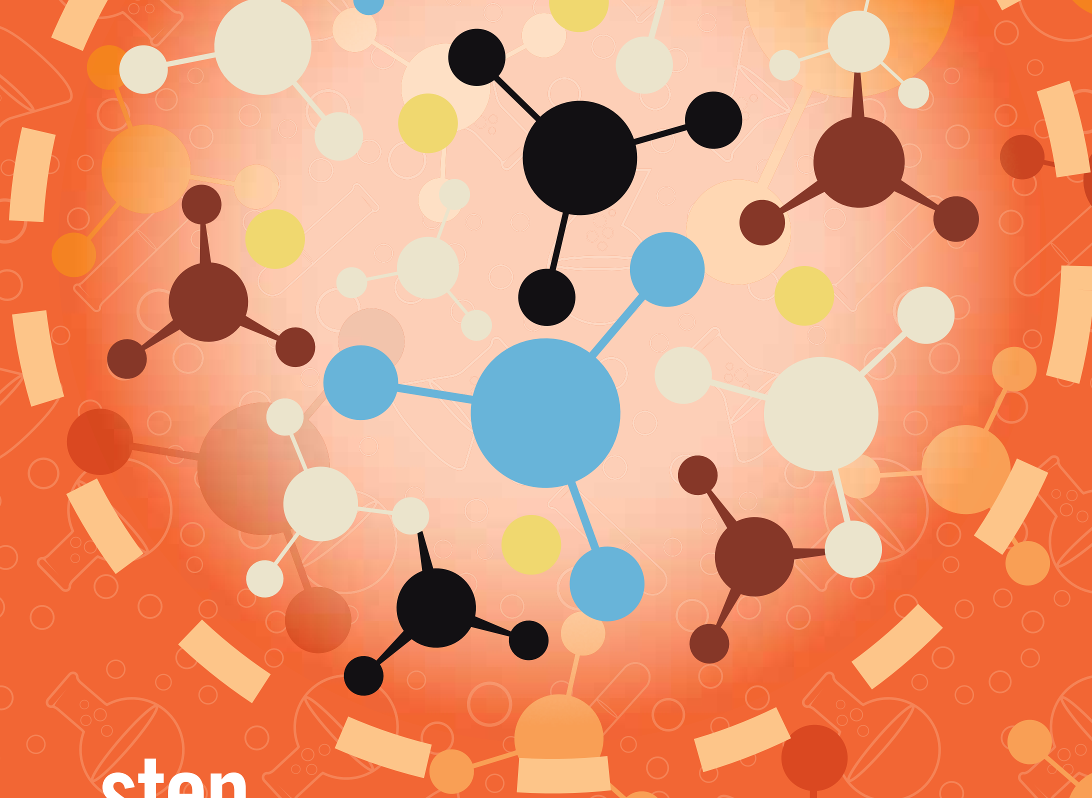
Yet, for the businesses involved, getting everyday critical freight delivered rapidly, efficiently, and securely is no less important than moving valuable artifacts or highly perishable goods. "The projects may be unique by themselves, but they are the type of events that most businesses will face at least occasionally," INFORMS' Simchi-Levi says.

Unfortunately, many businesses wait until the last moment before calling a project logistics provider for help. They either underestimate the project's complexity or believe that they already have the in-house expertise necessary to handle the work. Yet the longer a business waits, the more the project will cost as shipping options narrow and lower-cost alternatives vanish. Ultimately, the company finds itself scrambling to move shipments as deadlines are missed and schedules collapse. "Planning is critical," Simchi-Levi says. "Some large projects can take years to execute properly."

Businesses requiring the assistance of a project logistics specialist need to do their homework in order to locate the firm best suited for the task at hand. "With this type of service, it's important to find out everything you can about the service provider you may be working with," advises Quick's Bischoff-Brown. "Most importantly, determine the company's experience in your particular industry."

It's most important to examine a prospective partner's business structure and local connections. "Project logistics work requires lots of management support and key contacts," Bischoff-Brown says. "Automation and technology are important, but success in project logistics depends on the people who work with you and listen to your specific needs."

Businesses facing a special logistics project need only look at the example set by Emperor Shi Huang Di to learn what not to do. Shi built an army to help protect his kingdom, but in the end wound up with rows of clay figures doing absolutely nothing. ■

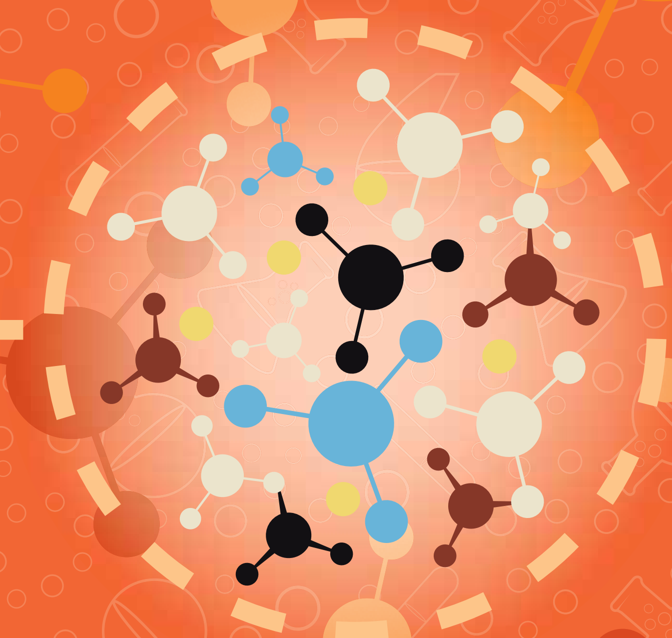


step inside the (3PL) lab

INBOUND LOGISTICS' ANNUAL THIRD-PARTY LOGISTICS ISSUE

When shippers mix the 3PL elements of expertise, process efficiency, and technology into their supply chain, the results are potent.

Eureka! A stronger, more efficient, and cost-effective logistics operation! Step into the logistics lab for a look at how and why outsourcing can give businesses a positive charge.



(3PL)ements:

OUTSOURCING = A FORMULA FOR CHANGE

by Amy Roach Partridge

As with the science of chemistry, relationships between shippers and their third-party logistics providers (3PLs) are comprised of a group of different elements that come together to form a cohesive whole. On shippers' behalf, 3PLs perform functions such as transportation and distribution, inventory optimization, and reverse logistics to make an entire supply chain run smoothly. And like chemistry's inner workings, the behind-the-scenes operations 3PLs perform go largely unnoticed by outside observers.

Case in point: when I ordered a replacement battery for my Verizon Wireless cell phone, the FedEx package was shipped not from Verizon directly, but from New Breed, a High Point, N.C.-based 3PL. As a seasoned supply chain writer, I surmised that New Breed was handling service parts logistics for Verizon. But the average cell phone user is unlikely to notice anything at all–which is precisely the point.

Whether companies outsource all or part of their supply chain to a 3PL, seamless customer service is a primary goal. After all, if a replacement battery arrives late or damaged, the customer will blame Verizon, not its 3PL. To keep such customer complaints at bay, Verizon turned to New Breed to develop an automated warehouse fulfillment solution that provides same-day processing of its direct-to-consumer orders. The 3PL operates two of Verizon's three distribution centers, offering real-time visibility to orders and inventory; "cradle-to-grave" tracking of every serialized unit; and integration of outbound shipments. New Breed ships 20,500 consumer orders daily for Verizon with 99.9 percent accuracy, while 100 percent of orders that arrive before 5 p.m. are shipped the same day. (My own experience confirms this: I called Verizon customer service on Monday afternoon and received the replacement battery early Tuesday.)

(3PL)ements

OUTSOURCING = A FORMULA FOR CHANGE

Results such as these are why many shippers prefer to stay out of the logistics "lab" and concentrate on core competencies. Let the experts handle the science of getting the right product to the right place at the right time, they say.

"3PLs introduce efficiency and effectiveness into a company's operations, allowing shippers to conserve costs and resources, while also helping to provide higher service levels," says John C. Langley, professor, supply chain management, Georgia Institute of Technology. "In addition, capable use of a 3PL can help a company improve its competitive position in the marketplace."

How do 3PLs accomplish all this? By offering the "3PLements" of experienced people, process efficiency, and technology, 3PLs help companies discover the right formula for mixing up a better supply chain and improving their businesses.

element (1) EXPERIENCED PEOPLE

While it is a business cliché, people really do make a company what it is. 3PLs are no different. By staffing veteran supply chain managers and logistics technology experts, 3PLs offer a breadth and depth of expertise that many shippers no longer retain in-house.

"Once companies decide to outsource their supply chain needs, they lose the people and expertise, and stop investing in the required technology," explains Adrian Gonzalez, an analyst with ARC Advisory Group, Boston.

Without this expertise, it can be challenging to efficiently manage the supply chain. Navigating the transportation industry, for example, can be tricky for shippers to attempt on their own. "Freight is a top-five expense and some companies recognize that they don't know how to manage it effectively. Since deregulation, every carrier creates its own rules," says Samuel R. Polakoff, president, TBB Global Logistics, a New Freedom, Pa.-based 3PL.

TBB's account managers meet regularly with shipper clients to help them decipher freight expenses – especially essential now as fuel prices inch higher and the economy rests on shaky ground. Shippers, for example, may not understand that although they are shipping the same products to the same customers and buying the same raw materials from the same vendors as they did last year, costs will still increase, notes Polakoff.

Also, customers and vendors may change distribution patterns from year to year – they may have closed a distribution center in the last year or might now be asking to ship directly to retail locations. "Having the right people in place to explain these types of changes is helpful," Polakoff says.

Indeed, having the right people in place is one reason Cardinal Health, a global manufacturer and distributor of medical and surgical supplies and technologies, recently selected Reading, Pa.-based 3PL Penske Logistics to manage its private fleet for the delivery of medical supplies to customers in the continental United States. As part of the dedicated fleet agreement, Cardinal Health is transitioning about 700 truck drivers and related transportation support staff to become Penske employees.

"With each year, transportation becomes more complicated, regulated, technology-rich, and asset-intensive. We wanted to be sure Cardinal was best structured and equipped to deliver medical supply services to customers while at the same time better managing costs," says Mike Duffy, Cardinal's executive vice president of operations, healthcare supply chain services.

The people factor played a large role in Cardinal's decision. Choosing a 3PL whose employees understood its corporate culture ensured Cardinal's staff would be happy working for the new provider and safeguard relationships with customers during the transition.

Managing a transition of this magnitude required both companies to collaborate closely to keep employees and customers happy, and the supply chain running smoothly. Cardinal and Penske worked together to plan when and how to communicate the changes, "starting with a general announcement across the entire business, followed by targeted orientation meetings, all done within a tight time period so Cardinal's associates and customers heard about the transition at the same time," explains Dennis Abruzzi, senior vice president, Eastern region, for Penske.

Because of the timely nature of the medical supplies business, Penske's ability to ensure that Cardinal's products would be delivered in all conditions was also key. "Cardinal had our assurance that we have contingencies in place to deal with weather circumstances and

Cardinal Health's prescription for delivering high-quality medical supply services to customers while better managing costs was to outsource transportation.

that getting supplies to Cardinal's end customers is an absolute given under any conditions," says Abruzzi.

While the Cardinal-Penske arrangement deals with U.S. customers only, shippers increasingly expect their 3PLs to employ people who can address global logistics concerns.

"To set up operations in emerging markets such as India, China or the Middle East, you need people on the ground who understand the local realities–infrastructure, hiring practices, and government and customs regulations," says Gonzalez. "This is where companies place a high value on 3PLs and their experienced people."

element (2) PROCESS EFFICIENCY

The supply chain is, by definition, a group of processes that occur during a product's journey from supplier to manufacturer to end customer. So it is no surprise that 3PLs are a process-driven bunch. Whether handling an entire supply chain or just certain aspects of it, 3PLs must deliver process excellence to meet shipper demands.

The processes 3PLs handle for shippers run across a wide spectrum. "Many shippers simply want to move transportation and warehousing assets off their books," says Gonzalez. "They want someone else to perform these functions."

Indeed, warehousing and transportation were the most commonly outsourced processes among the more than 1,500 logisticians who participated in Georgia Tech's 2007 annual 3PL study. (*See sidebar, page 104 for more information on the study.*)

Shippers who do outsource strategic supply chain processes often find value in using 3PLs to fine-tune niche areas of their business or to help with new product introduction. "3PLs can be particularly helpful in the case of seasonal products, where a shipper expects demand to increase and needs to set up infrastructure quickly," Gonzalez explains.

Another area where 3PLs can offer process expertise is entering new sales channels, such e-commerce, Gonzalez adds.

While process efficiency for its own sake is great, shippers are really looking for bottom-line impact. By outsourcing logistics functions to a 3PL, companies hope to gain a variety of cost savings, freeing up resources to devote to other areas of the business.

Many shippers searching for relief from fuel surcharges are turning to 3PLs. "The price of oil is top of mind for me every day," says Pat Wiegand, senior distribution manager for Music & Arts, a national music store chain based in Frederick, Md.

As a company that ships more than 200,000 musical instruments each year, Music & Arts is benefiting from a cap on LTL fuel surcharges, which was negotiated by its 3PL, TBB Global. "TBB's ability to leverage its own volumes to negotiate our fuel surcharges helped us this year," says Wiegand.

TBB serves as Music & Arts' outsourced transportation department, handling the company's shipments from its main distribution center to 16 satellite warehouses across the country, as well as inbound shipments from vendors to Music & Arts' Frederick DC, and imports coming from overseas. TBB also manages the retailer's reverse logistics processes–crucial for the company's instrument rental service, where 60 percent of instruments rented, largely to school districts, are returned at the end of the year.

By outsourcing these processes to TBB, the company cut total freight costs by an average of 15 percent per year, reports Wiegand.

Another way that 3PL process efficiency nets cost savings for Music & Arts can be found in how the company now manages shipment details. To process shipments, Wiegand and his distribution managers use TBB's online rate quoting system, which automatically fills out bills of lading, notifies involved parties of shipment status, and allows

Electronics retailer Best Buy leverages its 3PL's IT systems to handle end-to-end order management, including repair parts.

managers to determine which carrier offers the best rate for the shipment in question.

Because Music & Arts uses a hub-and-spoke distribution model, "obtaining paperwork, cost, and process consistency is always a challenge," explains Wiegand. "But using the TBB system ensures paperwork is the same no matter which hub is sending a shipment, and it allows me to get the best price for each movement."

element (3) TECHNOLOGY

Like all aspects of business these days, the supply chain has gone high-tech. While companies used to rely on handwritten routing guides and paper-based inventory tallies, automation now reigns supreme. For many shippers, however, turning the corner from manual processes to technology solutions can be costly and challenging–and a good reason to seek out a third-party logistics provider.

"For years, a large part of the 3PL value proposition has been access to technology," notes Gonzalez. While that value has been challenged by growing access to less-expensive on-demand transportation and warehousing solutions, technology is still a major selling point for logistics outsourcers. In addition, the ability of 3PLs to marry new transportation technology with shippers' existing solutions is key.

Whether shippers seek out a 3PL to devise a complete technology makeover or just to boost current IT capabilities, they are usually looking to tap into the 3PLs' existing applications.

"3PLs can offer technology solutions quickly and inexpensively because they have already built the infrastructure," says Mike Schoenfeld, executive vice president, business development for Fidelitone Logistics, a 3PL headquartered in Wauconda, Ill.

Centralizing and automating diverse supply chain functions and/or physical assets is another reason shippers engage 3PL technology solutions. Electronics retailer Best Buy, for example, did just that to tame its multi-vendor repair parts operation.

For Best Buy's tech support gurus–known as the Geek Squad–to be able to go into a consumer's home and repair a desktop computer, they need the ability to quickly procure and return individual parts to and from the vendor community. "Acquiring the massive volume and variety of parts required for Best Buy's repairs is a major challenge," says Dave Telschow, Best Buy director of repair service.

Seeking an IT solution that allowed it to maintain procurement and distribution flexibility while keeping costs down and maximizing timeliness and accuracy, Best Buy partnered with National Parts, a Fidelitone Logistics-affiliated company, on a technology-based virtual distribution system with centralized order processing and data management based on Best Buy's business rules.

Via this automated system, the 3PL handles both the supply chain and financial aspects of the repair parts operation. "Ninety percent of the repair parts never hit Best Buy's docks," says Schoenfeld. "We provide an IT solution that offers end-to-end order management and addresses the entire order-to-cash cycle."

Multiple times each day, Best Buy transmits via FTP a list of needed parts to National Parts' system. The 3PL, in turn, runs the equivalent of a virtual RFP, sending this list to more than 50 vendors representing more than 80 brands and selecting the vendor whose price and delivery speed best meet Best Buy's needs. The system then creates and transmits a purchase order to the vendor, who is expected to ship the parts the same day directly to Best Buy's repair facility or drop site.

On the reverse logistics side, National Parts operates an order management system that allows Geek Squad repair technicians to input information about the parts being returned. After parts are shipped back to the vendor, the 3PL handles the financials on behalf of Best Buy. "The inventory hits our books, and we collect from the vendor and pay Best Buy back," explains Schoenfeld.

By embracing technology, Best Buy reduced costs in its parts supply chain and boosted customer service by offering quick repairs. And the automated system means same-day shipping from suppliers is a standard, rather than a goal.

good chemistry?

(What shippers think of their 3PLs)

Most shippers are satisfied with their outsourced logistics providers, but are somewhat unhappy with their technology capabilities. They also want 3PLs to play a larger role in driving innovation, according to the **Georgia Institute of Technology's 2007 Third-Party Logistics Study**. The annual study tracks key trends and shipper views of the 3PL industry, based on responses from logistics executives in 60 countries.

Overall, 85 percent of shippers report that their logistics outsourcing efforts are successful, says John C. Langley, a supply chain management professor and producer of the study. Many of these shippers have stuck with outsourcing the basics–transportation and warehousing–opting to keep strategic supply chain functions in-house.

Logistics Activities Outsourced	(all regions)	(north america)	(europe)	(asia pacific)	(latin america)
Domestic Transportation	83%	77%	91%	85%	79%
International Transportation	79%	68%	87%	89%	71%
Warehousing	69%	71%	68%	73%	60%
Customs Clearance and Brokerage	67%	65%	58%	78%	64%
Forwarding	51%	51%	51%	60%	38%
Shipment Consolidation	43%	44%	44%	45%	37%
Product Labeling, Packaging, Assembly, Kitting	34%	31%	33%	34%	41%
Transportation Management	32%	33%	41%	27%	24%
Reverse Logistics	31%	32%	33%	29%	29%
Cross-Docking	31%	36%	35%	26%	25%
Freight Bill Auditing and Payment	25%	51%	18%	14%	10%
Fleet Management	15%	11%	21%	12%	13%
Supply Chain Consultancy	14%	18%	11%	11%	17%
Order Entry, Processing and Fulfillment	14%	13%	7%	15%	28%
Customer Service	13%	10%	10%	17%	18%
LLP/4PL Services	11%	13%	11%	10%	10%

The basic vs. strategic gap is clearest when comparing large and small companies: large corporations are much more likely to pursue strategic relationships with 3PLs.

To get their 3PLs to deliver innovative supply chain solutions, shippers must be fully invested in the partnership. "They need to apply professional management skills to logistics services so that the 3PL's talents and abilities can be meaningfully developed and utilized," the study notes.

The percentage of shippers satisfied with 3PL IT performance grew by seven percent in 2007, compared to the 2006 study, but 3PL IT capabilities remain a top issue. Most prevalent among shipper complaints about 3PLs' technology are: insufficient integration between their information systems and the 3PLs' systems, and lack of order shipment and inventory visibility. Respondents are most likely to use 3PLs' warehouse and transportation management systems.

As for future IT performance, "visibility tools and Web-enabled communication are expected to become the 3PL technologies shippers most desire," says Langley.

By combining the elements of experienced people, process efficiency, and technology, 3PLs help shippers brew a potent potion of improvements including reduced costs, faster speed to market, improved customer service, increased global capabilities, shortened cash-to-cash cycle, competitive advantage, increased inventory turns, and the ability to adapt quickly to market changes.

Without proper care, any experiment can go awry–and the same holds true for outsourcing arrangements. To achieve the desired results and make the 3PL/shipper relationship work takes dedication and effort on both sides. For 3PLs, that means delivering on promised cost reductions, service levels, and solutions; as well as paying close attention to shippers' needs and how changing market conditions impact their business.

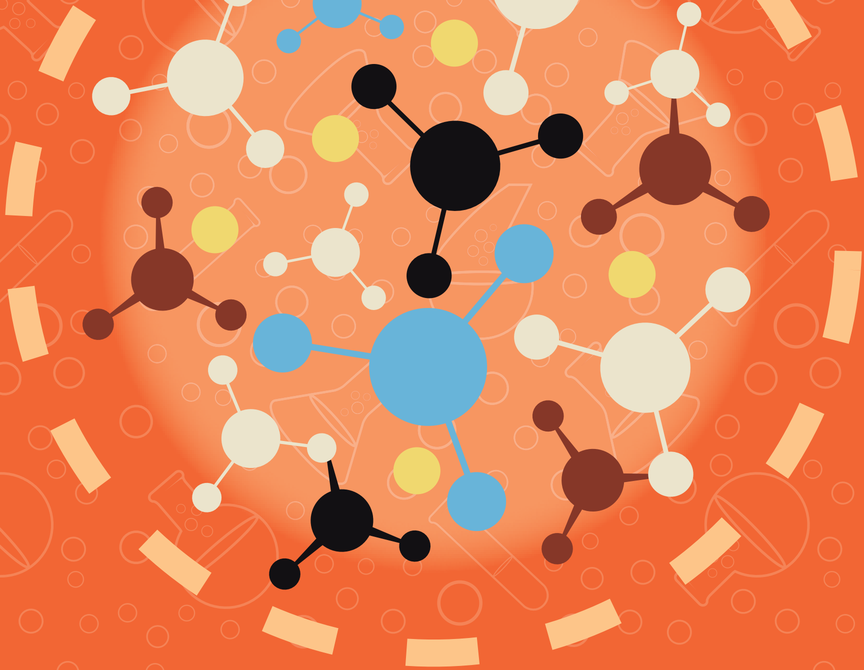
"Shippers are looking for proactive continuous improvement," says Joe Gallick, senior vice president, sales, Penske Logistics. "They want 3PLs to make suggestions for business improvements before they ask."

While shippers occupy the proverbial driver's seat because they are customers, they, too, play a role in ensuring a successful outsourced logistics effort. Shippers must be willing to collaborate closely and share sensitive information with their 3PLs. "There is a limit to how much efficiency you can gain without working hand-in-hand with supply chain partners," says Langley. "But collaborating with other companies does not come naturally to everyone."

Langley also emphasizes the importance of appreciating the strategic nature of the shipper-3PL relationship. "Logistics managers must make sure the company's top executives don't think of the 3PL as just a vendor," he notes.

For Music & Arts, communication and flexibility are the keys to a successful 3PL relationship. "Our 3PL is an extension of us as a company–if we keep the lines of communication open and work together, the end result is always better," says Wiegand.

After all, logistics is not an exact science, but rather the art of combining all the unique components that comprise each individual supply chain–and working to make them function together smoothly and cost-effectively.



(3PL) perspectives:

DISCOVERING MARKET INSIGHT AND TRENDS

by Joseph O'Reilly

The chemistry of outsourcing is an important component of today's competitive business environment. The demands of the marketplace bring to bear the merits of isolating non-core business functions from value-driven growth initiatives, then finding the right quantity and mix of service providers and solutions to capably fill these vacuums.

For many businesses, outsourcing is an evolving science. Economic and corporate-driven influences routinely spin supply chains in different directions. Centrifugal supply and demand forces pull businesses away from their comfort zones to explore new consumer markets, supply locations, product offerings, business alliances, or go-to-market strategies. These pressures trigger supply chains to expand, synthesize, then contract–always at the risk of going too far, not far enough, or cracking under the weight of cost and service expectations. Businesses outsource to neutralize these variables and reallocate resources and capital to more productive areas.

3PLs, by virtue of their specialized service capabilities and operational breadth, provide companies with the scale and scope to better visualize, then execute, their supply chains. From tactical silo optimization to strategic end-to-end business process change, outsourcers turn to 3PLs to break new ground and unearth better ways to match supply to demand.

Inbound Logistics' annual *3PL Perspectives* presents a similar binary approach to breaking down outsourcing into its molecular parts. First, we analyze empirical data culled from our *3PL Market Insight Survey*. This year, *IL* received nearly 300 questionnaire responses from a diverse group of third-party logistics providers, ranging from large, global players serving Fortune 500 companies to niche 3PLs targeting specific verticals or logistics disciplines. We pry, probe, and pull apart this information to identify

(3PL) perspectives

DISCOVERING MARKET INSIGHT AND TRENDS

market drivers shaping global outsourcing trends.

From this sweeping overview of the 3PL segment, we then narrow our focus to scope out the top 100 3PLs in the marketplace–a class of logistics service providers lifting outsourcing science to new levels of sophistication.

Together, our *3PL Market Insight Survey* and *Top 100 3PL* directory provide a blend of strategic analysis and nuts and bolts information: Perspectives that make 3PLs and outsourcing such integral elements of today's supply chain.

Outsourcing Under the Microscope

By all accounts, outsourcing continues to evolve by leaps and bounds–market pressures have businesses inclined to take the leap toward functional and strategic logistics partnerships; and the efforts and investments 3PLs have made to build transportation and distribution networks, and tailor value-added services to end-user demands, show no bounds.

Even as a U.S. economic downturn puts the squeeze on operational and financial efficiencies across industrial sectors, the outsourcing segment remains robust, eclipsing $108 billion in 2007, according to *Inbound Logistics' 2008 Market Insight Survey*.

Service providers responding to this year's study indicate as much, with 77 percent reporting sales growth of 10 percent or more, and 24 percent surpassing the 20-percent threshold. Sales data is slightly off last year's mark, reflecting a general U.S. malaise. "Stagnant sales are generally attributed to the weak economy, which is negatively impacting our customers' activity levels," observes one 3PL executive.

Profitability has similarly fallen as mounting fuel, insurance, and equipment costs, and a "competitive" reluctance to pass on increased costs to customers blanket the 3PL sector. Some service providers, heavily entrenched in underperforming markets, feel a corollary pinch. "Our flatness in sales is due to current customer volumes being down as a direct result of retail sales," reports one 3PL.

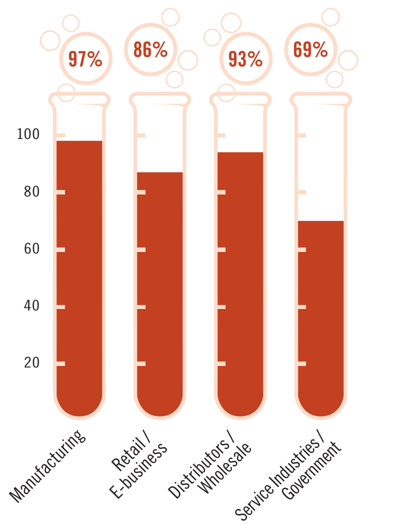
Despite these soft spots, most 3PLs report positive numbers, with nearly one out of two growing revenue more than 10 percent, compared to 63 percent in 2007.

Across industries, manufacturing is still the most likely to seek outsourced logistics expertise as it comprises 97 percent of our survey respondents' customer base, followed by distribution and wholesale (93 percent), and retail/e-business (86 percent). Compared to last year's data, manufacturing remained unchanged, the retail market shrank six percent, and wholesale interests jumped five percent–a reflection of the precipitous slump among brick-and-mortar retailers and the growing adoption of demand-driven logistics practices that push inventory back upstream. Other verticals, such as the services and government sectors (69 percent), are maturing quarries for 3PL mining (*see Figure 1, below*).

Over the past five years, the mean data for 3PL market penetration has remained uniform. This stability suggests businesses are increasingly inclined to divorce themselves from non-core operations, regardless of economic conditions.

Even as sales and revenue tracked somewhat

(figure 1)
industries 3PLs serve



SOURCE: *Inbound Logistics* 3PL Market Insight Survey

New Facility, New Opportunities in the Midwest

Our newest facility – the Chicago area Bonded CFS and Distribution Center – in New Lenox, Illinois, offers close proximity to the BNSF Logistics Park for faster operations. This new, state-of-the-art secured facility puts your cargo in safe hands, with sophisticated 24-hour security systems. You can enjoy reduced costs by minimizing long drayage to CFS stations for importers south and southwest of Chicago, and reduced overall delivery costs with a key location convenient to metropolitan Chicago, southern Illinois, Indiana and Iowa. We offer short and long term storage solutions for importers requiring overflow warehousing, and a full suite of on-site additional warehouse services, saving time and cost over multiple vendors. Our flexible hours and late-day pickups eliminate costly time-to-market delays.

- 282,000 sq ft.
- 32 foot clearance
- 30 truck dock doors
- Ample tailer parking

Value-added services

Take advantage of a full suite of on-site additional warehouse services, saving time and costs by cutting out the need for multiple vendors. Just a few of these services include:

Kit assembly
Inventory management
Repacking/custom packing
Slip-sheeting
Shrink wrapping
Transloading and distribution services
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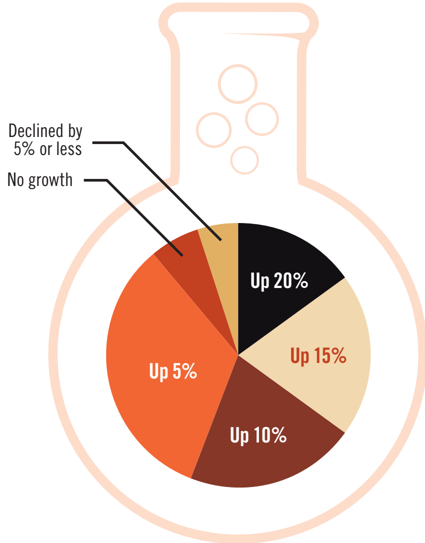
(3PL) perspectives

DISCOVERING MARKET INSIGHT AND TRENDS

(figure 2) 3PLs RESPOND

during your last measurement period, by how much did your customer base grow?



SOURCE: *Inbound Logistics* 3PL Market Insight Survey

downward in 2007, 3PLs had more luck finding new customers this year, with 56 percent growing their customer base by 10 percent or more, compared to 54 percent in 2007 (*see Figure 2, above*). This trending generally reflects the short-term, counter-cyclical nature of outsourcing, as well as ongoing efforts by service providers to diversify their customer base.

"While total revenues/sales were up, we realized a slight decline in profit margin due to increased sales and marketing costs," observes one survey respondent. "The cost of securing a single new customer or penetrating a new industry is naturally higher than expanding or renewing existing business/customers."

Some of this slack sales and revenue growth may be partly attributed to service providers targeting new industries as well as business beyond their traditional geographic scope.

3PLs overwhelmingly report that they are growing their business organically through increased cross-selling efforts (82 percent), while a smaller fraction (18 percent) expanded their operations through strategic acquisitions.

In terms of organic sales growth, survey respondents were mixed in how they attract new outsourcing business. One 3PL whose customer base remained unchanged during the past year reports it is mining cross-sell opportunities to develop international business with existing domestic customers, and vice versa.

Instead of specifically targeting new business in different verticals, some 3PLs are looking to become more integrated with current customers across supply lines as demand for comprehensive solutions moves beyond pure transactional services. This may similarly entail developing capabilities outside of conventional disciplines to expand existing outsourcing relationships. "We are diversifying our capabilities into areas such as kitting and pick-to-pack, where a need did not necessarily exist in the past," shares one service provider.

Becoming Recession-Proof

Alternatively, 3PLs indicate they are purposely diversifying customer outreach to become "more recession proof" and to "mitigate significant exposure to one company." A flourishing global economy, combined with a deflated U.S. dollar, has made U.S.-manufactured products more attractive, triggering a shift among some service providers looking to target global markets from the export side.

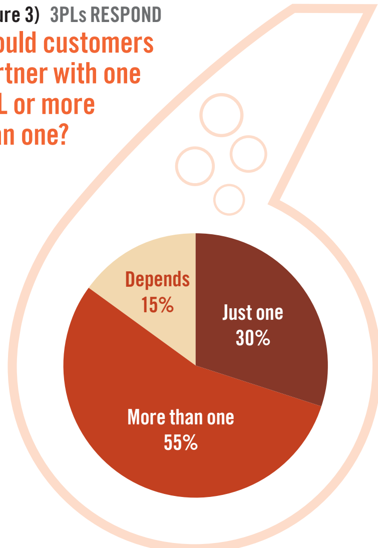
Service providers are also attuned to leveraging existing resources and capabilities, as well as market expertise, to entertain new business growth in verticals or areas where logistics and supply chain dynamics are proximate–high-value cargo, for example. One 3PL describes piggybacking on its core disciplines in the retail and healthcare sectors to expand into prescription pharmaceuticals and electronics.

Last year, we observed large 3PLs attempting to deepen their market penetration by courting small and medium-sized businesses (SMBs) with world-class capabilities. In light of the current economic slump, this trend has reversed itself, according to one 3PL executive. Given the associated costs of attracting smaller-yield business, "larger" players are instead targeting "larger" companies, looking to expand working relationships, and mine new business opportunities through deeper chains of custody. Consequently, SMB outsourcing is trickling

(3PL) perspectives

DISCOVERING MARKET INSIGHT AND TRENDS

(figure 3) 3PLs RESPOND
should customers partner with one 3PL or more than one?



SOURCE: *Inbound Logistics* 3PL Market Insight Survey

down to smaller 3PLs in spades.

Another trend that has evolved over the past three years is that a best-in-class global service provider is largely untenable given the specialization of logistics and supply chain functions, the geographic scope of supply and demand markets, and the increasing importance of customer service. In the three years since *IL* began tracking this data, there is hardening consensus that a majority of 3PLs recognize their strengths and weaknesses and believe businesses should consider multiple outsourcing partnerships.

This trend is reflected in the fact that 55 percent of 3PLs surveyed this year indicate customers should partner with more than one service provider, while 30 percent feel customers should work with only one partner. Additionally, 15 percent of 3PLs suggest that outsourcing decisions are contingent on customer needs (*see Figure 3, above*). In sum, 70 percent favor considering more than one 3PL relationship, which validates 2006 and 2007 data.

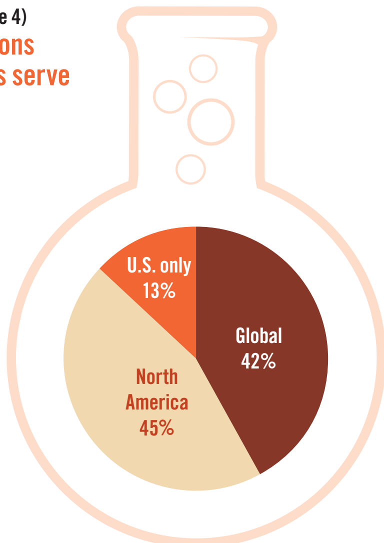
Arguably, many outsourcing customers still prefer the simplicity of having one point of contact, or one throat to choke, managing their supply chains–but this does not preclude multiple 3PL relationships. The growth of outsourcing, in terms of geographic scope and process sophistication, has amplified the relevance and role of fourth-party logistics providers (4PLs) and lead logistics providers (LLPs). Among 2008 survey respondents, 78 percent offer LLP services, a three-percent increase over the four-year mean average.

Sequencing Global Outsourcing

The pace of globalization continues to shape outsourcing's evolution, as world-wandering businesses recognize the efficacy of divesting non-core logistics and supply chain functions, especially in areas and markets that are new to them. 3PLs remain committed to meeting their customers' changing global needs both near and afar, with 45 percent serving North America, 42 percent operating globally, and 13 percent offering U.S. services only, according to this year's survey (*see Figure 4, below*).

While the quest for low-cost labor remains a cardinal objective for offshore speculation, prevailing U.S. economic conditions and a weakening dollar provide further incentive for businesses to consider growth opportunities in emerging consumer markets–marrying sourcing and selling strategies, where appropriate, with global expansion plans. In turn, they rely

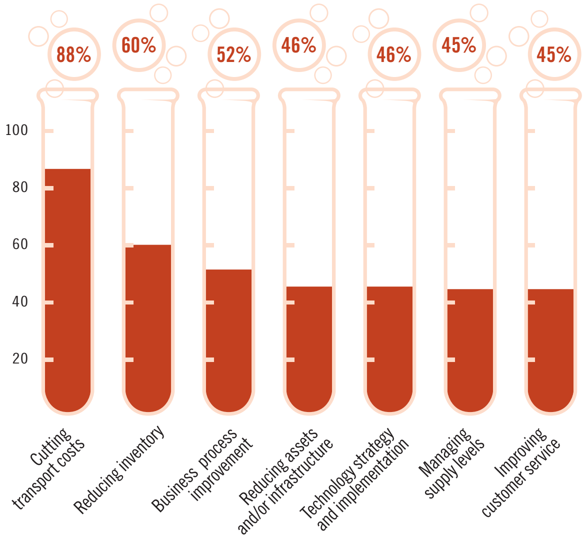
(figure 4)
regions 3PLs serve



SOURCE: *Inbound Logistics* 3PL Market Insight Survey

(figure 5) 3PLs RESPOND

what are your customers' top challenges?



SOURCE: *Inbound Logistics* 3PL Market Insight Survey

on 3PLs and their wealth of global resources, facilities, management, and technologies to penetrate new markets and integrate supply and demand chains. Nearly 30 percent of 3PL respondents offer global expansion capabilities specific to sourcing and selling, compared to 18.4 percent in 2007.

As a direct reflection of evolving and impending U.S. Customs regulations, such as 10+2 Importer Security Filing, 69 percent and 40 percent of 3PLs, respectively, provide import/export/customs and global trade solutions, both equal to last year's data.

In addition to serving as functional vendors, third-party logistics providers are fast developing the value-added logistics bandwidth necessary to help customers strategically align global supply chains. 3PLs are evolving these capabilities in two ways: through global expansion and investment in offshore facilities; and through the appreciation, application, and integration of technology-driven supply chain solutions and services.

From an operational perspective, 70 percent of global 3PLs responding to this year's survey indicate they own and operate offshore facilities, with 22 percent operating more than 100 offshore facilities, 35 percent maintaining between 10 and 100 locations, and 35 percent operating fewer than 10 sites. In 2007, only 17 percent of polled companies reported more than 100 offshore facilities, with 46 percent managing between 10 and 100 locations, suggesting large 3PLs are swiftly expanding their offshore presence.

In terms of geography, Asia remains the top offshore target with 88 percent of 3PLs locating operations there, followed by Europe (81 percent), Latin America (49 percent), Southeast Asia (40 percent), and the Middle East (19 percent.)

For small 3PLs wary of sinking capital into proprietary facilities and assets abroad, yet eager to follow demand into new markets, opportunities to find alliance partners abound. Shared regional networks and operational capacity, combined with overarching technologies that integrate globally, help service providers compete, regardless of size or capital outflow.

Meeting the Challenges

Complementing this outward growth, 3PLs are appropriately expanding and tailoring their service and technology footprints. To more completely understand how 3PLs are evolving internally, consider what they perceive to be outsourcers' greatest challenges.

Not surprisingly, 88 percent of surveyed 3PLs cite cutting transport costs as a top priority for customers, followed by reducing inventory (60 percent); business process improvement (52 percent); reducing assets and/or infrastructure (46 percent); technology strategy and implementation (46 percent); and managing supply lines and improving customer service (45 percent) (*see Figure 5, above*). As an interesting aside, 80 percent of outsourcers voting in our annual Readers' Choice Top 10 3PL Excellence Awards say they value customer service above all else. This suggests that what 3PLs don't know, or fail to acknowledge, may steal business away

while they focus instead on cost optimization algorithms.

Several 3PL respondents observe that reducing total costs trumps transportation optimization, which demonstrates 3PLs are aggressively trying to move outsourcing relationships beyond silo optimization to expand their value proposition and increase revenue. Many customers, however, are still focused on rapid ROI and quick-fix, cost-cutting measures.

"Many times, customers want to see transport cost reduction, but are wary of process change, vendor management, or other areas that can lead to significant cost savings," one 3PL executive observes.

"Many customers are reactive to current market conditions but not yet considering business process changes that could positively address cost pressures," reports another.

Lengthening supply chains and rising fuel costs place a premium on transportation optimization, which shippers, carriers, and 3PLs find increasingly difficult to manage. Many are looking at ways to more efficiently flow product through distribution networks to account for these difficulties.

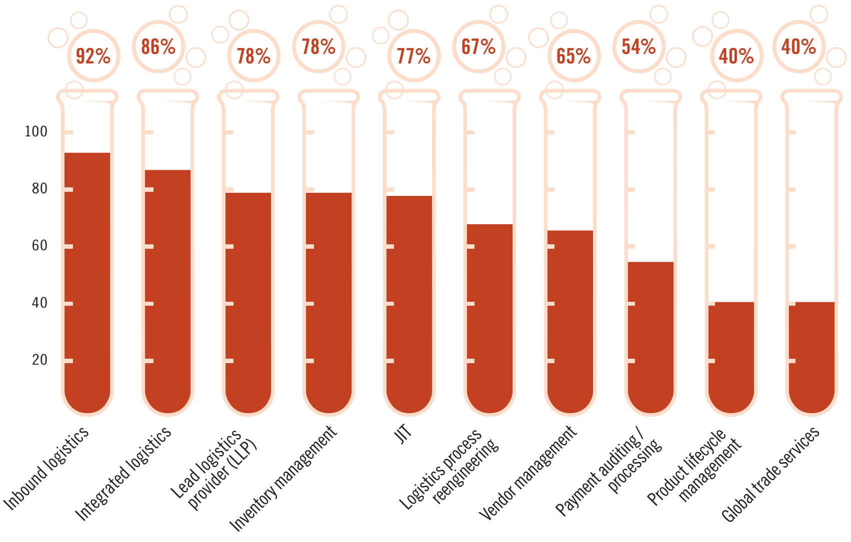
Reducing inventory when the economy is soft and consumerism is flat presents its own inherent challenges. Of late, businesses have been less efficient at managing product in the system, largely as a result of demand volatility and lengthening supply lines. This has created a buildup of unsold inventory beyond safety stocks, presenting a major bleed to the bottom line as warehousing and inventory-carrying costs continue to rise.

Where logistics service providers are proving their mettle, particularly from a global perspective, is helping customers configure and control their supply chains to better rationalize and position inventory. Relying on 3PLs to cover their assets enables businesses to more proactively engage and benchmark vendors and carriers to squeeze out costs and eliminate inefficiencies before they trickle out of control–call it strategic optimization.

Consequently, inbound logistics and integrated logistics services remain a top priority according to service providers, with 92 percent and 86 percent offering such capabilities–both up three percent over 2007 data (*see Figure 6, below*). Over the past five years, the percentage of 3PLs offering inbound logistics capabilities has remained static (88 percent), suggesting that demand-driven strategies have become acyclical–appropriate in good times and bad.

(figure 6)

logistics services 3PLs offer



SOURCE: *Inbound Logistics* 3PL Market Insight Survey

(3PL) perspectives

DISCOVERING MARKET INSIGHT AND TRENDS

Service providers are similarly "teching-up" to help customers better anticipate demand and control inventory from point of origin; 12 percent and 35 percent of survey respondents invested in demand management and vendor management technologies, respectively, according to this year's survey. More broadly, 94 percent and 88 percent of 3PLs report offering Web enablement and visibility capabilities. This data reflects a remarkable 35-percent and 13-percent increase over four-year mean averages.

The Path of Least Resistance

The traction of inbound logistics capabilities among 3PLs, however, does not necessarily reflect broad industry acceptance. Even as 3PLs invest in facilities, assets, and technologies that facilitate or even warrant demand-driven strategies, when push comes to pull many customers take the path of least resistance, relying on upstream suppliers to move product. Reducing inventories and assets and improving business processes remain outsourcers' greatest challenges, according to surveyed 3PLs, indicating businesses by and large are *not* specifying inbound moves. A hands-on approach to managing inbound transportation necessarily effects a sea-change business process shift, allowing shippers the visibility and control to consolidate shipments, rationalize capacity and asset requirements, and reduce inventory-carrying costs.

Inventory control, especially given unbridled fuel and transport costs, remains a common thread wending its way through supply chains from global suppliers to stateside DCs. Uncertain economic conditions and slackening consumer demand raise the importance of supply chain scalability and flexibility as measures to mitigate risk and contain costs.

Some manufacturers, for example, are tasking their 3PLs and vendors with value-added activities such as kitting; packaging; source tagging; and postponement to customize product per specific end-user demands, rationalize inventory, reduce product obsolescence, and create additional flexibility. This trending is especially significant as businesses begin selling product into new consumer markets. Among other value-added logistics services, inventory management and vendor management rank high among service providers, with 77 percent and 65 percent offering such capabilities.

Greater attention to inventory management is also steering many global businesses into uncharted territory, as green initiatives, a spate of product recalls, and further cost-cutting measures magnify the importance of reverse logistics processes. While some governments have mandated aftermarket support for certain industries (notably the EU's waste electrical and electronic equipment (WEEE) directive), businesses across all verticals are beginning to recognize that supply chain efficiency and environmental sustainability go hand-in-hand.

The challenges of managing product from raw material sourcing to recycling, then building enough redundancy in the supply chain–both downstream and upstream–to manage demand expectations and supply exceptions, are increasingly outsourced to 3PLs. Among survey respondents, 84 percent offer reverse logistics services, 49 percent contingency/crisis planning capabilities, and 40 percent product lifecycle management.

Optimizing Transportation... or Splitting Atoms

While businesses continue to expand globally, looking for cheaper production networks and promising consumer markets, reducing transportation costs remains the litmus test for successful outsourcing partnerships. That said, success in today's demanding transportation segment is increasingly measured by infinitesimal degrees. Beyond the strategic, 3PLs are committed to addressing their customers' tactical optimization needs.

In a soft domestic freight market, capacity has been less of a concern than in years past, placing direct pressure on service providers and their carrier partners to deliver the impossible–find, then cut, hidden soft costs.

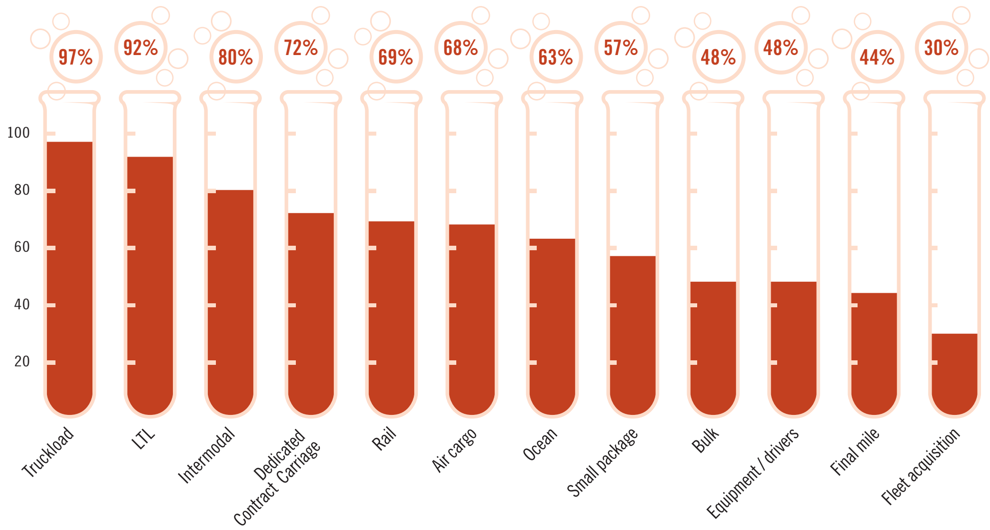
In terms of technology investment, 65

(3PL) perspectives

DISCOVERING MARKET INSIGHT AND TRENDS

(figure 7)

transportation services 3PLs offer



SOURCE: Inbound Logistics 3PL Market Insight Survey

percent of service providers are powering up with transportation management systems (TMS), either through IT vendor partnerships or with homegrown systems–far more than any other functional area. Having TMS capabilities, and the capacity to integrate with other areas of the enterprise, allows 3PLs to manage and evaluate transportation costs and performance at a more atomic level. At the same time, the emerging presence of TMS-enabled 3PLs suggests more shippers are outsourcing both the operational and technological aspects of transportation.

How Freight Rates

From a services perspective, truckload (TL) and less-than-truckload (LTL) remain in high demand, offered by 97 percent and 92 percent of 3PLs, up from 95 percent and 91 percent in 2007 (*see Figure 7, above*). Even with capacity flush, there has been a noticeable shift toward moving more long-haul freight off highways and onto railroads and inland waterways to reduce fuel spend. While intermodal traffic has been down on the global import side, demand remained steady domestically–80 percent of 3PLs provide intermodal services and 69 percent offer rail-specific transportation solutions, echoing data from the past four years.

As shippers continue to offload equipment and asset liabilities, 3PLs in turn are augmenting their networks and services to account for this demand. Among survey respondents, 48 percent offer equipment/driver services and 30 percent provide fleet acquisition and management capabilities–a four percent and six percent increase over last year's data, respectively.

The number of 3PLs providing dedicated contract carriage, long a popular option for shippers when capacity is tight, demand is stable, and pricing is immaterial, surprisingly saw an uptick this year, with 72 percent of survey respondents offering such capabilities, compared to 66 percent in 2007. This figure may indicate that when shippers prioritize customer service, cost is irrelevant.

Liability exposure and customer service are also important to shippers with product that requires specialized handling. 3PLs that can deliver products with unique transportation and installation needs are expanding their value proposition–which is critical with high fuel and transport costs and fierce competition to fill capacity. Final mile and direct-to-home services continue to saturate the market, with 44 percent and 47 percent of survey respondents catering to these demands.

(3PL) perspectives

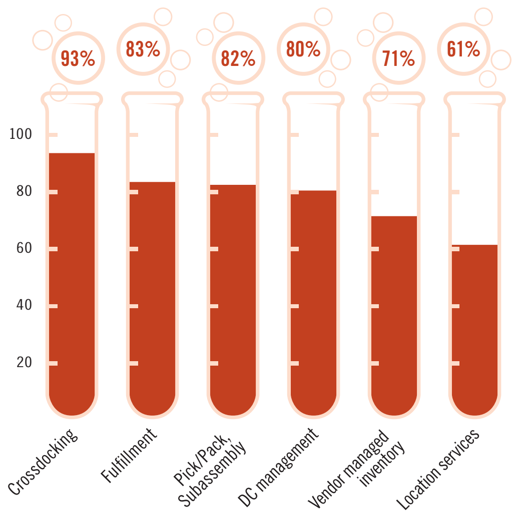
DISCOVERING MARKET INSIGHT AND TRENDS

3PLs also face the heat of increased transportation and equipment costs, manifested in the fact that only 12 percent identified themselves as asset-based this year, down two percent from 2007. Conversely, non-asset-based service providers climbed two percent, while those operating as both remained equal to last year. The drop in asset-based 3PLs may be a short-term blip on the radar, but amid speculation about the loss of carrier capacity in the United States, this trend may reflect a similar development among service providers that favor intellectual resources over "working" capital.

Elsewhere on the transportation side, ocean and air cargo services continue to be a source of revenue for global-minded logistics service providers. The forwarding community has proven to be a ripe breeding ground for outsourcing business as traditional forwarders develop value-added logistics capabilities. The prosperity of other global markets, in light of the U.S. economic slump, has provided welcome opportunities for growth while domestic operations remain sluggish. The number of 3PLs providing air cargo services climbed to 68 percent while 63 percent of service providers report ocean-specific solutions, up seven percent from 2007.

(figure 8)

warehousing services 3PLs offer



SOURCE: *Inbound Logistics* 3PL Market Insight Survey

Breaking Down Distribution

The challenge of properly aligning supply to demand impacts how businesses strategically operate distribution and warehousing networks globally and at home.

More than in years past, warehousing and distribution strategies are all the rage, especially with global sourcing and selling dynamics rapidly changing and fuel prices at an all-time high. While transportation-related costs are largely a whim of the global oil market, businesses leverage much greater control over where they position inventory and how they distribute product to market.

Matching last year's data, 80 percent of 3PLs offer DC management services (*see Figure 8, below*). Over the past four years, however, the mean average is 68 percent, suggesting that warehouse outsourcing is on a steady upward track. Operating out of a third-party warehouse gives businesses flexibility in taking non-core assets off the balance sheet, as well as adding and removing capacity as demand dictates.

Faced with swiftly changing global sourcing/selling patterns, equally flux consumer dynamics, and institutionalized transportation costs, U.S. shippers and consignees are realigning their distribution networks to more efficiently and economically pull product to market. There has been a robust shift in distribution strategy in the United States as businesses move away from centralized big-box DCs to smaller facilities in target markets to streamline increasing transport costs. Where transportation costs are seemingly immutable, 3PLs otherwise see themselves as agents of change on the distribution side.

One service provider reports helping customers "locate additional DCs to reduce local trucking costs; ship full truckload or railcars to these DCs; and increase inventory in the supply chain due to low cost of currency"– a strategic design with nuts and bolts results.

Accordingly, demand for 3PLs that can provide objective site selection and

location services continues to grow, with 61 percent of survey respondents reporting such capabilities, compared to 59 percent in 2007.

The short-term retail slump has similarly precipitated a few interesting distribution trends. Dropping sales and rising service demands, the opposing risks of running too lean and carrying too much inventory, are compromising retailers and wholesalers alike. To offset some of these concerns, many are pushing stock farther back in the supply line, or relying on vendor and 3PL partners to assume greater responsibility and cost for static inventory. Consequently, 71 percent of 3PLs provide vendor managed inventory services–compared to a 58 percent mean average over the past four years.

The sputtering economy has also triggered a wave of retail store closings. While some companies are simply eliminating underperforming facilities and focusing on stronger markets, others are completely shifting their focus from retail to e-commerce. In these circumstances, retailers are likely to consolidate DC facilities as they eliminate direct-to-store shipments. This type of strategic shift places greater emphasis on DC fulfillment capabilities. Perhaps reflecting this swing, 83 percent of surveyed 3PLs provide fulfillment services, up 10 percent from last year.

The changing face of the distribution and warehousing environment is manifest in adaptations within the four walls as well. Stateside businesses transitioning to more decentralized networks, therefore closer and more responsive to demand, have greater need for speed and throughput efficiency. For Web fulfillment, this may require a more sophisticated internal warehousing setup that can handle greater frequencies of single picks and plug into other areas of the enterprise. Accordingly, 46 percent of service providers say they are investing in warehouse management systems, and 82 percent provide pick/pack and subassembly activities.

3PL facilities bringing in bulk shipments for reconsolidation and distribution to retail stores also require efficient processes, which generally assume a more strategic design–beginning with the facility itself. Third-party orchestrated cross-dock facilities continue to grow in force, especially as businesses become more experienced capturing demand signals, appropriating pull strategies to scale and expedite inventory moves, as well as reduce inventory-carrying costs. The number of 3PLs providing cross-docking services climbed considerably, with 93 percent reporting such capabilities–a 21-percent increase over 2007 data.

distilling the top 100 3PLs

Inbound Logistics' Top 100 3PL Providers list provides an appropriate conclusion to our 3PL Perspectives section. Our annual directory serves as a qualitative assessment of service providers *IL* editors consider best equipped to meet and surpass your evolving outsourcing needs. Distilling the Top 100 3PLs is never an easy task, and the process becomes increasingly difficult as more 3PLs enter the market and service providers from other functional areas develop value-added logistics capabilities.

IL editors selected this year's class of Top 100 3PLs from a pool of more than 300 companies through a diligent process of collecting and evaluating surveys, personal interviews, and online research. The service providers we selected are companies that offer the diverse operational capabilities and experience to meet readers' unique needs.

After you thumb through this section, we would like to know what you think. How much do you value the 3PL issue? Does the information we provide serve as a resource for your business? Does this information support trends you see in your own day-to-day operations? Email us: editor@inboundlogistics.com smart turn™

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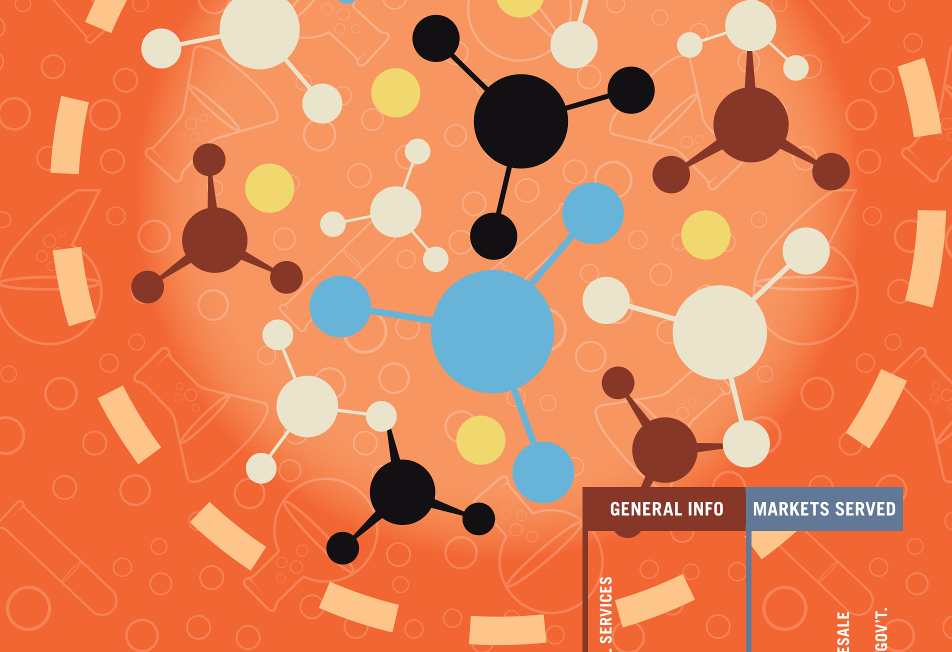

INBOUND LOGISTICS top

COMPANY NAME & URL	SALES PHONE	GENERAL INFO: YEARS PROVIDING 3PL SERVICES	GENERAL INFO: ASSET OR NON-ASSET	GENERAL INFO: AREAS SERVED	GENERAL INFO: ISO CERTIFIED	MARKETS SERVED: MANUFACTURING	MARKETS SERVED: RETAIL/E-BUSINESS	MARKETS SERVED: DISTRIBUTORS/WHOLESALE	MARKETS SERVED: SERVICE INDUSTRIES/GOV'T.	SPECIALIZATION	LOGISTICS SERVICES: LLP	LOGISTICS SERVICES: INTEGRATED LOGISTICS	LOGISTICS SERVICES: JIT	LOGISTICS SERVICES: GLOBAL TRADE SERVICES	LOGISTICS SERVICES: INBOUND LOGISTICS	LOGISTICS SERVICES: LOGISTICS PROCESS REENGINEERING
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A.N. Deringer www.anderinger.com	802-524-8110	89	N	G		●	●	●	●	Food & beverage, sporting goods, consumer electronics, apparel & textiles	●	●	●	●	●	
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Agility Logistics www.agilitylogistics.com	714-513-3000	12	B	G	●	●	●	●	●	High-tech, retail, government, services, oil & gas	●	●	●		●	●
AIT Worldwide www.aitworldwide.com	800-323-6649	22	N	G		●	●	●	●	Perishables, printed materials, auto, pharma			●		●	
AmeriCold Logistics www.americold.net	404-434-4311	25	B	US		●	●	●	●	Temperature-controlled food	●	●	●		●	
APL Logistics www.apllogistics.com	866-896-2005	40	B	G		●	●	●	●	Automotive, retail/apparel, electronics, consumer goods	●	●	●	●	●	●
Aspen Alliance Group www.aspenlogistics.com	800-741-7360	29	A	NA		●	●	●	●	Retail supply chain, healthcare	●	●	●		●	●
ATC Logistics & Electronics www.atcle.com	800-466-4202	14	B	G	●	●	●	●		Wireless, broadband, electronics, automotive, medical	●	●	●		●	●
Automated Distribution Systems www.adslp.com	732-287-8900	14	A	NA		●	●	●		Retail distribution footwear, apparel, glassware	●	●	●		●	●
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Bender Group www.bendergroup.com	800-621-9402	63	A	NA		●	●	●	●	Consumer goods	●	●	●	●	●	
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A = Asset based | **N** = Non-asset based | **B** = Both | **US** = Serves U.S. only

100 (3PL) providers

				TRANSPORTATION SERVICES												WAREHOUSING SERVICES						SPECIAL SERVICES										IT/WEB SERVICES				
PAYMENT AUDITING/PROCESSING	INVENTORY MANAGEMENT	VENDOR MANAGEMENT	PLM	SMALL PACKAGE	AIR CARGO	LTL	TL	INTERMODAL	OCEAN	RAIL	BULK	DCC	FLEET ACQUISITION	EQUIPMENT/DRIVERS	FINAL MILE	PICK/PACK, SUBASSEMBLY	CROSSDOCKING	DC MANAGEMENT	LOCATION SERVICES	VENDOR MANAGED INVENTORY	FULFILLMENT	DIRECT TO STORE	DIRECT TO HOME	IMPORT/EXPORT/CUSTOMS	REVERSE LOGISTICS	MARKETING/CUSTOMER SVC.	GLOBAL EXPANSION	SECURITY ANALYSIS	CONTINGENCY PLANNING	LOGISTICS/TRANSPORT CONSULTING	STAFFING & TRAINING	EDI	WIRELESS/RFID	WEB ENABLEMENT	VISIBILITY	CRM
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NA = Serves North America | **G** = Global

top 100 (3PL) providers

COMPANY NAME & URL	SALES PHONE	GENERAL INFO: YEARS PROVIDING 3PL SERVICES	ASSET OR NON-ASSET	AREAS SERVED	ISO CERTIFIED	MARKETS SERVED: MANUFACTURING	RETAIL/E-BUSINESS	DISTRIBUTORS/WHOLESALE	SERVICE INDUSTRIES/GOV'T.	SPECIALIZATION	LOGISTICS SERVICES: LLP	INTEGRATED LOGISTICS	JIT	GLOBAL TRADE SERVICES	INBOUND LOGISTICS	LOGISTICS PROCESS REENGINEERING
Cardinal Logistics Management www.cardlog.com	678-612-2447	10	B	US		●	●	●	●	Retail, building materials, manufacturing, cold chain	●	●	●		●	●
CaseStack www.casestack.com	866-828 7120	9	B	NA	●	●	●	●	●	Mid-sized businesses, including CPGs	●	●	●	●	●	●
Cat Logistics www.catlogistics.com	309-266-3591	21	N	G	●	●	●	●	●	Automotive, high-tech, consumer durables, industrial	●	●	●	●	●	●
CEVA Logistics www.cevalogistics.com	800-355-0350	10	N	G	●	●	●	●	●	Automotive & tires, industrial, retail & consumer goods, healthcare, publishing	●	●	●	●	●	●
CLS www.cls.inmar.com	336-631-2500	23	N	NA		●	●	●	●	Grocery, hardware, footwear, pharmaceutical, electronics						
COGISTICS www.cogistics.com	863-647-9389	17	N	G	●	●	●	●	●	Inbound manufacturing	●	●	●		●	●
Corporate Traffic www.corporate-traffic.com	904-727-0051	17	B	NA		●	●	●	●	Retail transportation management	●	●	●		●	●
CRST Logistics www.crst.com	319-390-6210	16	N	NA		●	●	●	●	Metals, consumer, retail	●	●	●		●	
CT Logistics www.ctlogistics.com	216-267-2000	30	N	NA	●	●	●	●	●	Primary metals, chemicals, coatings/ resins, building materials, paper	●	●	●		●	●
CTSI www.ctsi-global.com	901-766-1500	53	N	G	●	●	●	●	●	All markets and industries, as well as 3PLs	●	●			●	●
DSC Logistics www.dsclogistics.com	800-372-1960	48	N	NA	●	●	●	●	●	Consumer goods, healthcare, electronics, tobacco, paper	●	●	●	●	●	●
Dupré Logistics www.dupretransport.com	800-356-3659	13	B	NA		●	●	●		Hazmat	●	●	●		●	●
Echo Global Logistics www.echo.com	312-676-5795	4	N	G		●	●	●	●	No specialization	●	●		●	●	●
Evans Distribution Systems www.evansdist.com	313-388-3200	79	B	NA	●	●	●	●	●	Automotive, chemicals, paper, robotics, food & beverages, consumer goods	●	●	●		●	●
Exel www.exel.com	866-803-0892	20	N	NA	●	●	●	●	●	All industries						
FAC Food Service Logistics www.faclogistics.com	800-285-7004	12	N	NA		●	●	●		Food service, food industry	●	●	●		●	●
FedEx Global Supply Chain Svcs. fedex.com/us/supplychain/main	469-524-6938	19	B	G	●	●	●	●	●	High-tech, healthcare, automotive, industrial, aftermarket service	●	●	●	●	●	●
Fidelitone Logistics www.fidelitone.com	847-487-3327	16	B	G		●	●	●	●	Service repair parts, last mile, installation	●	●	●	●	●	●
Foreway Management www.foreway.com	616-997-3724	10	N	NA		●		●		Paper, building, contract manufacturing	●	●	●		●	
GENCO Supply Chain Solutions www.genco.com	800-378-9671	110	N	NA	●	●	●		●	Reverse logistics, pharma returns recovery	●	●			●	●
Gilbert Company www.gilbertusa.com	800-406-5507	22	B	NA		●	●	●		Footwear, apparel, electronics		●	●		●	

A = Asset based | **N** = Non-asset based | **B** = Both | **US** = Serves U.S. only

				TRANSPORTATION SERVICES												WAREHOUSING SERVICES						SPECIAL SERVICES										IT/WEB SERVICES				
PAYMENT AUDITING/PROCESSING	INVENTORY MANAGEMENT	VENDOR MANAGEMENT	PLM	SMALL PACKAGE	AIR CARGO	LTL	TL	INTERMODAL	OCEAN	RAIL	BULK	DCC	FLEET ACQUISITION	EQUIPMENT/DRIVERS	FINAL MILE	PICK/PACK, SUBASSEMBLY	CROSSDOCKING	DC MANAGEMENT	LOCATION SERVICES	VENDOR MANAGED INVENTORY	FULFILLMENT	DIRECT TO STORE	DIRECT TO HOME	IMPORT/EXPORT/CUSTOMS	REVERSE LOGISTICS	MARKETING/CUSTOMER SVC.	GLOBAL EXPANSION	SECURITY ANALYSIS	CONTINGENCY PLANNING	LOGISTICS/TRANSPORT CONSULTING	STAFFING & TRAINING	EDI	WIRELESS/RFID	WEB ENABLEMENT	VISIBILITY	CRM
	●					●	●					●		●	●	●	●	●	●	●	●	●	●		●	●				●	●	●		●	●	●
●	●			●	●	●	●	●	●	●	●	●				●	●	●			●	●	●	●	●					●		●	●	●	●	●
●	●	●	●													●	●	●	●	●	●	●			●	●				●	●	●	●	●	●	●
	●	●			●	●	●	●	●	●	●	●				●	●	●		●	●	●	●	●	●	●				●		●		●	●	●
●	●																				●				●					●		●	●	●	●	
●	●	●		●	●	●	●		●	●		●					●	●						●					●	●		●	●	●	●	
●	●	●	●		●	●	●	●	●	●		●		●			●	●		●	●	●		●	●	●			●	●	●	●		●	●	●
●	●				●	●	●	●		●		●	●																	●		●		●	●	●
●		●		●	●	●	●	●	●	●	●	●		●			●		●					●	●				●	●	●	●		●	●	
●		●																●	●						●		●		●	●		●	●	●	●	●
●	●	●	●		●	●	●	●	●	●	●	●				●	●	●	●	●	●	●		●	●	●			●	●	●	●	●	●	●	●
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●		●		●	●	●	●	●	●	●	●	●	●	●	●		●	●		●	●	●	●	●	●	●			●	●	●	●		●	●	●
	●	●	●			●	●	●				●	●	●	●	●	●	●	●	●	●	●	●	●	●				●	●	●	●	●	●	●	
	●				●	●	●	●	●	●	●	●				●	●	●	●	●	●			●								●		●	●	
	●			●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●			●	●	●	●		●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●			●	●	●	●	●				●	●	●	●	●	●	●	
●	●	●	●			●	●					●			●	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●
●	●	●				●	●	●		●		●	●	●	●		●	●	●	●		●	●		●	●		●		●		●	●	●		
●	●		●	●		●	●	●								●	●	●	●		●				●	●				●		●	●	●	●	
	●				●	●	●	●	●	●					●	●	●			●	●	●		●	●					●		●	●	●	●	●

NA = Serves North America | **G** = Global

top 100 (3PL) providers

COMPANY NAME & URL	SALES PHONE	GENERAL INFO: YEARS PROVIDING 3PL SERVICES	ASSET OR NON-ASSET	AREAS SERVED	ISO CERTIFIED	MARKETS SERVED: MANUFACTURING	RETAIL/E-BUSINESS	DISTRIBUTORS/WHOLESALE	SERVICE INDUSTRIES/GOV'T.	SPECIALIZATION	LOGISTICS SERVICES: LLP	INTEGRATED LOGISTICS	JIT	GLOBAL TRADE SERVICES	INBOUND LOGISTICS	LOGISTICS PROCESS REENGINEERING
Greatwide Logistics Services www.greatwide.com	602-353-2488	30	N	NA	●	●	●	●	●	Retail and grocery	●	●	●		●	●
Hub Group www.hubgroup.com	630-271-3803	35	B	NA	●	●	●	●	●	Manufacturing and retail	●	●	●	●	●	●
Hyperlogistics Group www.hyperlog.com	614-497-0800	35	A	US		●	●	●	●	Medical supplies, auto parts, grocery products, pet foods, appliances, HVAC	●	●	●		●	●
Jacobson Companies www.jacobsonco.com	800-636-6171	40	N	NA	●	●	●	●	●	Contract packaging & manufacturing, staffing, network design & optimization	●	●	●		●	
Kane Is Able www.kaneisable.com	570-558-5100	77	A	NA	●	●	●			Consumer product goods	●	●	●		●	●
Kelron Logistics www.kelron.com	800-668-3785	14	N	NA		●	●	●	●	Food & beverage, consumer package goods, paper	●	●	●		●	
Kenco Logistic Services www.kencogroup.com	423-643-3401	58	B	NA	●	●	●	●		All	●	●	●	●	●	●
Keystone Dedicated Logistics www.kdlog.com	412-429-2141	9	N	NA		●		●		Manufacturing	●	●		●	●	
Kuehne + Nagel www.kuehne-nagel.com	888-856-8726	45	B	G	●	●	●	●	●	High-tech, retail, fast-moving consumer goods, pharmaceutical/healthcare	●	●	●	●	●	●
Landstar System www.landstar.com	866-660-1135	10	N	G	●	●	●	●	●	Intermodal, ocean, air freight, SCM, warehousing	●	●	●	●	●	●
LeSaint Logistics www.lesaint.com	847-783-4940	25	N	US	●	●	●	●	●	Retail	●	●	●	●	●	●
Logistics Insight Corp. www.4Linc.com	888-334-5462	17	B	G	●	●				Various industries	●	●	●	●	●	●
Logistics Management Solutions www.lmslogistics.com	800-355-2153	12	N	NA	●	●	●	●	●	Chemicals, manufacturing	●	●	●	●	●	●
Maersk Logistics www.maersklogistics.com	973-514-2076	31	N	G	●	●	●	●		Retail, electronics, consumer goods		●			●	●
Mallory Alexander www.mallorygroup.com	901-367-9400	83	N	G	●	●	●	●	●	Retail, agricultural products, automotive	●	●	●	●	●	●
Matson Integrated Logistics www.matson.com	904-220-3660	10	B	G		●	●	●	●	Domestic and international rail/intermodal, long haul and regional TL		●		●	●	●
Megatrux Companies www.megatrux.com	800-374-0929	25	B	G		●	●	●	●	End-to-end logistics	●	●	●	●	●	●
Menlo Worldwide Logistics www.menloworldwide.com	866-466-3656	18	N	G	●	●	●	●	●	Automotive, high-tech, CPG, retail, chemical, government, medical	●	●	●		●	●
National Retail Systems www.nrsonline.com	877-345-4NRS	32	A	G	●		●	●		Retail	●	●	●	●	●	●
Network Global Logistics www.nglog.com	888-285-7447	37	B	G		●	●	●	●	Retail, medical, aerospace, manufacturing	●	●	●	●	●	●
New Breed Logistics www.newbreed.com	336-232-4117	30	N	NA	●	●	●	●	●	Aerospace, consumer products, defense, medical, service parts, wireless	●	●	●	●	●	●

A = Asset based | **N** = Non-asset based | **B** = Both | **US** = Serves U.S. only

				TRANSPORTATION SERVICES												WAREHOUSING SERVICES						SPECIAL SERVICES										IT/WEB SERVICES				
PAYMENT AUDITING/PROCESSING	INVENTORY MANAGEMENT	VENDOR MANAGEMENT	PLM	SMALL PACKAGE	AIR CARGO	LTL	TL	INTERMODAL	OCEAN	RAIL	BULK	DCC	FLEET ACQUISITION	EQUIPMENT/DRIVERS	FINAL MILE	PICK/PACK, SUBASSEMBLY	CROSSDOCKING	DC MANAGEMENT	LOCATION SERVICES	VENDOR MANAGED INVENTORY	FULFILLMENT	DIRECT TO STORE	DIRECT TO HOME	IMPORT/EXPORT/CUSTOMS	REVERSE LOGISTICS	MARKETING/CUSTOMER SVC.	GLOBAL EXPANSION	SECURITY ANALYSIS	CONTINGENCY PLANNING	LOGISTICS/TRANSPORT CONSULTING	STAFFING & TRAINING	EDI	WIRELESS/RFID	WEB ENABLEMENT	VISIBILITY	CRM
	●	●	●			●	●	●				●	●	●	●	●	●	●	●	●	●	●			●					●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●				●	●	●	●	●	●	●		●	●	●	●		●	●	
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	●					●	●	●		●		●	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●	
	●	●		●	●	●	●	●	●						●	●	●	●	●	●	●	●	●	●	●	●			●	●		●	●		●	
●	●	●	●	●	●	●	●	●	●	●	●	●				●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	

NA = Serves North America | **G** = Global

top 100 (3PL) providers

COMPANY NAME & URL	SALES PHONE	GENERAL INFO: YEARS PROVIDING 3PL SERVICES	GENERAL INFO: ASSET OR NON-ASSET	GENERAL INFO: AREAS SERVED	GENERAL INFO: ISO CERTIFIED	MARKETS SERVED: MANUFACTURING	MARKETS SERVED: RETAIL/E-BUSINESS	MARKETS SERVED: DISTRIBUTORS/WHOLESALE	MARKETS SERVED: SERVICE INDUSTRIES/GOV'T.	SPECIALIZATION	LOGISTICS SERVICES: LLP	LOGISTICS SERVICES: INTEGRATED LOGISTICS	LOGISTICS SERVICES: JIT	LOGISTICS SERVICES: GLOBAL TRADE SERVICES	LOGISTICS SERVICES: INBOUND LOGISTICS	LOGISTICS SERVICES: LOGISTICS PROCESS REENGINEERING
Nexus Distribution www.nexusdistribution.com	800-536-5200	28	B	US		●	●	●		Pulp & paper, food & beverage, consumer goods, consumer electronics	●	●	●		●	
NFI Industries www.nfiindustries.com	800-922-5088	12	B	G		●	●	●	●	Retail, beverage	●	●	●	●	●	●
NLM www.nlmi.com	313-736-8000	21	N	NA	●	●		●		Automotive, chemical, pharmaceutical, healthcare, aerospace, construction			●		●	●
Norvanco International www.norvanco.com	253-987-4064	32	B	NA		●	●	●		Retail		●	●		●	●
NYK Logistics www.na.nyklogistics.com	800-365-4547	102	N	G	●	●	●	●	●	Auto, retail, electronics, food & beverage, chemicals	●	●	●		●	●
Odyssey Logistics & Technology www.odysseylogistics.com	203-448-3900	5	N	G		●				Chemical and process industries	●	●			●	●
OIA Global Logistics www.oiaglobal.com	800-938-3109	17	N	G	●	●	●	●	●	Footwear, apparel, industrial, high-tech, electronics	●	●	●	●	●	●
One Source Logistics www.1sourcelogistics.com	800-591-4666	5	N	G		●	●	●		Retail, systems, transportation & customized solutions	●	●	●	●	●	●
OOCL Logistics (USA) www.oocllogistics.com/usa	212-269-9010	29	B	G		●	●	●		Retail, apparel, footwear, furniture, electronics, toys, home improvement	●	●	●		●	●
Ozburn-Hessey Logistics www.ohlogistics.com	800-401-6400	57	N	G	●	●	●	●	●	Apparel, automotive, electronics, high-tech, consumer packaged goods	●	●	●	●	●	●
Pacer Global Logistics www.pacer.com	614-356-1211	22	B	G		●	●	●	●	Automotive, freight forwarders	●	●	●	●	●	●
Pegasus Logistics Group www.plg.cc	800-997-7226	14	N	G		●	●	●	●	High-tech, automotive, retail	●	●	●		●	●
Penske Logistics www.penskelogistics.com	610-775-6069	40	B	G	●	●	●	●	●	A presence in most major industries	●	●	●	●	●	●
Performance Team www.ptgt.net	562-345-2212	21	N	US		●	●	●		Apparel, retail, hardlines, electronics	●	●	●		●	●
Port Jersey Logistics www.portjersey.com	609-860-1010	54	B	NA		●	●	●	●	Organic, specialty foods, HBA	●	●	●		●	●
Priority Solutions International www.prioritysolutions.com	800-257-4777	25	N	G		●	●	●	●	Pharmaceutical, healthcare, clinical trials	●	●	●	●	●	●
RK Logistics www.rkgllc.com	800-821-7770	23	B	G		●	●	●	●	All vertical markets			●		●	
RMX Global Logistics www.rmxglobal.com	888-824-7365	25	N	NA		●	●	●		Food products	●	●	●		●	
Ruan www.ruan.com	866-782-6669	13	A	NA		●	●	●		Frozen food, small machinery, dry grocery, batteries	●	●	●		●	●
Ryder www.ryder.com	888-887-9337	30	N	G	●	●	●	●	●	Aerospace & defense, automotive, consumer goods, high-tech, electronics	●	●	●	●	●	●
Saddle Creek www.saddlecrk.com	888-878-1177	18	A	NA	●	●	●	●	●	Consumer goods, grocery, non-food grocery, personal care, beverage, retail	●	●	●		●	●

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				TRANSPORTATION SERVICES												WAREHOUSING SERVICES						SPECIAL SERVICES										IT/WEB SERVICES				
PAYMENT AUDITING/PROCESSING	INVENTORY MANAGEMENT	VENDOR MANAGEMENT	PLM	SMALL PACKAGE	AIR CARGO	LTL	TL	INTERMODAL	OCEAN	RAIL	BULK	DCC	FLEET ACQUISITION	EQUIPMENT/DRIVERS	FINAL MILE	PICK/PACK, SUBASSEMBLY	CROSSDOCKING	DC MANAGEMENT	LOCATION SERVICES	VENDOR MANAGED INVENTORY	FULFILLMENT	DIRECT TO STORE	DIRECT TO HOME	IMPORT/EXPORT/CUSTOMS	REVERSE LOGISTICS	MARKETING/CUSTOMER SVC.	GLOBAL EXPANSION	SECURITY ANALYSIS	CONTINGENCY PLANNING	LOGISTICS/TRANSPORT CONSULTING	STAFFING & TRAINING	EDI	WIRELESS/RFID	WEB ENABLEMENT	VISIBILITY	CRM
	●			●	●	●	●	●	●	●	●	●		●	●	●	●	●	●		●	●			●					●		●	●	●	●	●
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NA = Serves North America | **G** = Global

top 100 (3PL) providers

COMPANY NAME & URL	SALES PHONE	YEARS PROVIDING 3PL SERVICES	ASSET OR NON-ASSET	AREAS SERVED	ISO CERTIFIED	MANUFACTURING	RETAIL/E-BUSINESS	DISTRIBUTORS/WHOLESALE	SERVICE INDUSTRIES/GOV'T.	SPECIALIZATION	LLP	INTEGRATED LOGISTICS	JIT	GLOBAL TRADE SERVICES	INBOUND LOGISTICS	LOGISTICS PROCESS REENGINEERING
		GENERAL INFO				MARKETS SERVED					LOGISTICS SERVICES					
Salem Logistics www.salemlogistics.com	336-725-5268	23	N	G		●	●	●	●	Retail, wholesale, furniture, government	●	●	●	●	●	●
Schenker/BAX Global www.schenkerusa.com	516-377-3000	130	N	G	●	●	●	●	●	High-tech, healthcare, retail, aerospace, government	●	●	●	●	●	●
Schneider Logistics www.schneider.com	866-875-9046	15	N	G	●	●	●	●	●	Small, medium, and global shippers	●	●	●	●	●	●
ServiceCraft Logistics www.servicecraft.com	800-290-5952	50	B	US		●	●			High-tech electronics, consumer goods, apparel, automotive, food & beverage	●	●	●		●	●
TBB Global Logistics www.tbbgl.com	800-937-8224	62	N	G		●	●	●	●	Numerous fields		●	●	●	●	
TLC-Total Logistic Control www.totallogistic.com	888-788-3285	24	A	NA	●	●	●	●	●	Food, retail, grocery, consumer goods	●	●	●		●	●
TMSi Logistics www.tmsilog.com	603-373-7235	25	B	US	●	●	●	●	●	Electrical/parts, pharmaceuticals, consumer goods	●	●	●		●	●
Transfreight www.transfreight.com	888-890-0400	20	B	NA		●				Manufacturing	●	●	●		●	●
TransGroup Worldwide Logistics www.transgroup.com	800-444-0294	22	N	G		●	●	●	●	All market segments	●	●	●	●	●	●
Transplace www.transplace.com	479-770-7391	8	N	G		●	●	●		Manufacturing, retail, distribution/ wholesale	●	●	●	●	●	●
Tucker Company www.tuckerco.com	856-317-9600	47	N	G		●	●	●	●	Military, energy, pharmaceuticals, healthcare, chemicals	●	●	●		●	●
UPS Supply Chain Solutions www.ups-scs.com	800-742-5727	15	B	G	●	●	●	●	●	High-tech, healthcare, retail, consumer goods, automotive, industrial	●	●	●	●	●	●
UTi Worldwide www.go2uti.com	562-552-9400	6	N	G		●	●	●	●	Automotive, pharmaceuticals, chemicals, fashion, high-tech	●	●	●		●	●
Verst Group Logistics www.verstgroup.com	877-375-8377	40	B	NA	●	●	●	●	●	Food & beverage, paper products, consumer products, automotive	●	●	●		●	●
Wagner Industries www.wagnerindustries.com	816-421-3520	50	B	US		●	●	●	●	CPG, retail, paper, food	●	●	●		●	●
Wallenius Wilhelmsen Logistics www.2wglobal.com	201-307-1300	15	A	G	●	●				Auto makers, construction equipment, project cargo	●					●
(WSI) Warehouse Specialists Inc. www.wsinc.com	800-999-2545	42	B	NA		●	●	●	●	Paper, packaging & print, chemical, consumer goods, industrial, electronics	●	●	●		●	●
Weber Distribution www.weberdistribution.com	877-624-2700	84	B	NA		●	●	●	●	Food & beverage, retail, chemical, paper	●	●	●		●	●
Werner Enterprises www.werner.com	800-228-2240	15	B	G		●	●	●	●	Retail	●	●	●	●	●	●
Wheels www.wheelsgroup.com	905-602-2700	20	B	G	●	●	●	●	●	Consumer packaged goods, automotive, chemical	●	●	●	●	●	●
YRC Logistics www.yrclogistics.com	877-232-1845	6	B	G		●	●	●	●	Retail, manufacturing, chemical, utilities	●	●	●	●	●	●

A = Asset based | **N** = Non-asset based | **B** = Both | **US** = Serves U.S. only

				Transportation Services												Warehousing Services						Special Services										IT/Web Services				
PAYMENT AUDITING/PROCESSING	INVENTORY MANAGEMENT	VENDOR MANAGEMENT	PLM	SMALL PACKAGE	AIR CARGO	LTL	TL	INTERMODAL	OCEAN	RAIL	BULK	DCC	FLEET ACQUISITION	EQUIPMENT/DRIVERS	FINAL MILE	PICK/PACK, SUBASSEMBLY	CROSSDOCKING	DC MANAGEMENT	LOCATION SERVICES	VENDOR MANAGED INVENTORY	FULFILLMENT	DIRECT TO STORE	DIRECT TO HOME	IMPORT/EXPORT/CUSTOMS	REVERSE LOGISTICS	MARKETING/CUSTOMER SVC.	GLOBAL EXPANSION	SECURITY ANALYSIS	CONTINGENCY PLANNING	LOGISTICS/TRANSPORT CONSULTING	STAFFING & TRAINING	EDI	WIRELESS/RFID	WEB ENABLEMENT	VISIBILITY	CRM
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NA = Serves North America | **G** = Global

readers' choice

THE TOP 10 3PL EXCELLENCE AWARDS

"Penske is a true partner–they initiate supply chain enhancements that assist us in lowering our costs while continuing to maintain a high service standard."

–**Carl Salyer,** manager of logistics, Mastercraft Cabinets

"TLC recognizes who the customer is globally and meets the demanding needs of those customers consistently with very little noise."

–**Mel Woodman,** manager of warehouse services, ConAgra Foods

"C.H. Robinson representatives have exceeded our expectations, and go above and beyond when it comes to taking care of our needs."

–**Jason Hervey,** sales manager, Flying J Inc.

"Ryder is efficient, professional, and open to new ideas."

–**Greg Rogers,** director, logistics/distribution, CVS Inc.

It's little wonder businesses increasingly turn to 3PLs, given these types of glowing accounts. But in tough economic times, it takes a special type of provider to educe such accolades.

When logistics partners go above and beyond expectations, our readers let us know about it–and this issue serves as the appropriate soapbox to call attention to and celebrate these exceptional supply chain stewards.

Every year we solicit readers to nominate their All-Star service providers, tally the votes, and present our Reader's Choice: Top 10 3PL Excellence Awards.

A record-breaking 5,100 votes were cast this year by a diverse cross-section of readers, from transportation managers and CEOs to "mom and pop" shops and Fortune 10 companies. Among some notable examples: PepsiCo, Whirlpool, Office Depot, Best Buy, General Motors, Xerox Corporation, Honeywell, Del Monte Foods, and Home Depot.

Collectively, readers nominated more than 325 individual third-party logistics providers. As further evidence of their appreciation and esteem for these 3PLs, 2,146 readers took the time to share additional praise; the quotes above are but a few.

The diverse experience, capabilities, and purchasing power of *IL* readers *(see sidebar, right)* lend further credibility to their appraisal of what makes a 3PL worthy of such recognition. From this wellspring of reader tributes there is no shortage of opinions as to why the 3PLs they nominated excel at what they do.

For some 3PL customers it's all about the numbers: "3PLs provide 100 percent on-time service;" "they save us 40 percent on total annual shipping costs;" "they offer online track and trace, 24/7."

Others appreciate the intangibles. "They have a project management and process-focused approach that stands out; they engage with customers across a broad spectrum," shares one reader.

"Great professionalism! It feels like we have a complete logistics department in our company," says another.

Above all else, readers overwhelmingly value their partner's ability to go to the ends of the earth, and all points in between, to deliver top-shelf customer service. Among reader respondents, 1,027 cite "service" as the top reason they use a particular 3PL. By contrast, only 145 mention "price" or "cost." When it comes to complex 3PL projects, it's all about total cost of ownership rather than transportation cost alone. As one reader puts it, "these companies demonstrate a commitment to us through investment and ownership of our issues to ensure win-win solutions."

Now it's time to give credit where credit is due. Turn the page and join us as we celebrate this year's Top 10 Excellence Award Winners, as chosen by you and your peers.

and the winners are...

1 **Ryder**
2 **UPS**
3 **Exel**
4 **C.H. Robinson**
5 **DB Schenker**
6 **Transplace**
7 **Penske Logistics**
8 (tie) **BNSF Logistics**
8 (tie) **Landstar**
9 **Schneider**
10 (tie) **TLC–Total Logistic Control**
10 (tie) **Menlo**

about the survey respondents

FUNCTION	
Corporate Management	32.7%
Logistics	25.4%
Transportation	23.7%
Supply Chain	18.2%

INDUSTRY	
Manufacturer	55%
Retail	28%
Services	14%
Carrier	3%

SERVICES READERS BUY	
Air Freight Services	50%
Ocean, Ocean Intermodal	44%
Small Package, Express Services	56%
Logistics Technology	64%
Warehousing Services	67%
Packaging/Labeling Systems	21%
Global Logistics	44%
Motor Freight Services	74%
Rail, Rail Intermodal	41%
Third-Party Services	55%
Transportation Equipment	24%
Materials Handling Equipment	40%
Dock Equipment	8%
Logistics Consulting	33%

TRANSPORT/LOGISTICS SPEND	
$50 Million+	18.3%
$10-$49 Million	36%
$1-$10 Million	23.7%
$1 Million or Less	22%

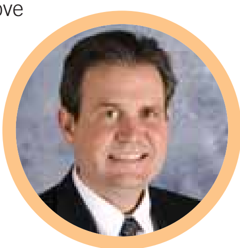
READERS CHOICE:

top ten (3PL) excellence awards

1

Ryder

WHY THEY WON: What does it take to get voted *IL* readers' favorite 3PL? How about accolades like these: "Ryder works hard on cost reductions," "provides great service," "is committed and customer loyal," "management teams are easy to work with," "is focused on customer requirements," and "continually optimizes services to improve on-time delivery while reducing costs." It's clear that the Miami-based 3PL is in touch with customer needs.



"Skyrocketing energy costs, environmental pressures, and other economic factors have caused businesses to re-evaluate how they move products through their supply chains," says **Tom Jones, senior vice president and general manager, U.S. Supply Chain Solutions**. "In this environment, our skills and experience help drive much-needed cost efficiencies in our customers' operations."

CLIENT ROSTER:

- Toyota
- **CVS Caremark**
- Hewlett-Packard
- Stonyfield Farm
- Philips
- Kodak
- Nestlé
- Home Depot
- General Motors
- U.S. Postal Service

CASE STUDY: Stonyfield Farm

Making its supply chain more eco-friendly was a top priority for Stonyfield Farm, a 25-year-old, $320-million manufacturer of yogurt, ice cream, and milk. In 2006, Stonyfield began working with Ryder to reduce the carbon footprint of its supply chain, which represents 80 to 90 percent of the company's total footprint. The effort started with automating the freight bill audit payment process. It soon grew to encompass end-to-end transportation management, dedicated contract carriage, and warehouse network design.

"In the past year, the Ryder and Stonyfield logistics team has reduced our carbon footprint by more than 40 percent," notes Stonyfield CE-Yo (Yo for Yogurt) Gary Hirshberg.

2

UPS

WHY THEY WON: Readers appreciate Atlanta-based UPS's "customer service," "reputation," and "broad service offerings." One reader even proclaims it "the only 3PL I'll use."

UPS strives to "anticipate customers' needs in today's challenging global market economy," says **David Bowles, president, UPS Global Logistics and Distribution**. "That can mean solutions teams with focused industry sector knowledge or the same technology interface to process package and freight shipments and provide visibility."

Jeannie Dunk, vice president of North American sales operations for Dr. Reddy's Laboratories, an India-based pharmaceutical manufacturer, lauds UPS's industry expertise. "Our customers expect a fulfillment blitz the moment the FDA approves a launch," she says. "UPS stages our products in a controlled environment at its health care logistics center and leverages its package and freight networks to quickly reach our various wholesale and retail channels."

CLIENT ROSTER:

- Birkenstock USA
- Dr. Reddy's Laboratories
- Honeywell Consumer Automotive
- Monster Tower
- Seagate
- Cabela's
- **Carestream Health**
- ConvaTec
- Embraer
- Lansinoh Laboratories
- Oki Data
- Under Armour

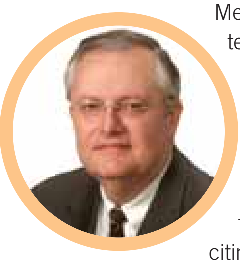
CASE STUDY: Monster Tower

Monster Tower, a manufacturer of wakeboarding towers and accessories for the extreme competitive water sport, needed a logistics provider that could manage its supply chain from various manufacturing sites in China and Taiwan to destinations around the globe. UPS stepped in to provide a suite of solutions, including transportation, shipment processing, and visibility services. This well-coordinated transportation network and reliable guarantee provided Monster Tower with responsiveness and improved service to wakeboard enthusiasts. Through UPS Ocean Freight Services, Monster Tower was able to take advantage of an extensive network of carrier relationships for access to frequent sailings, competitive rates, and dedicated space.

3 Exel

WHY THEY WON: Westerville, Ohio-based Exel gets reader props for its "adaptability" and "range of services."

"Exel has a diverse business made up of seven market-vertical and four product-based businesses in North America," says **Exel Americas CEO Bill Meahl**. "We handle everything from toys to pharmaceuticals."



Meahl praises the company's business unit teams and associates for their focus on helping customers succeed.

"Our people strive to improve efficiency and strengthen service every year," says Meahl. "Our customers see us as a trusted part of their enterprises." Reader feedback supports Meahl's assessment, citing Exel's "continuous improvement," "leadership," and "proactive, customer-centric approach."

CLIENT ROSTER:

- ▼ **Goodyear**
- Kraft Foods
- Williams-Sonoma
- General Electric Co.
- Johnson & Johnson
- DuPont
- Procter & Gamble
- Office Depot
- John Deere
- 7-Eleven

CASE STUDY: Goodyear

To extend Goodyear's sustainability commitment into the supply chain, Exel initiated a lighting analysis that showed switching from metal halide to T5 fluorescent lighting could reduce electricity consumption in a Goodyear facility by at least 35 percent.

Exel drove the project from inception to implementation. In less than three weeks, it completed the retrofit of fixtures, lamps, and ballasts. To keep costs down, Exel made the changes during normal operating hours, and employees were able to maintain their regular workflow. Delivered on time and on schedule, the project resulted in a 47-percent reduction in electricity costs, 1,798 fewer tons in greenhouse gas released into the atmosphere each month, and a return on Goodyear's investment within the first month.

4 C.H. Robinson

WHY THEY WON: "Our success and uniqueness comes from placing service, relationships, and great people at the core of our company," says **John Wiehoff, C.H. Robinson CEO and chairman**. "We put our enthusiasm, capabilities, and resources to work for our customers so we can react quickly to any kind of market environment."

Shippers who rely on the Eden Prairie, Minn.-based 3PL concur, noting C.H. Robinson's "stellar customer service," "rapid, competitive response," and "partnership mentality."

"All the staff at C.H. Robinson make Rudy Rack a priority; they care about our company, and are incredibly fun to work with," says Tracie Hobson, president of Rudy Rack, a Wisconsin-based storage and display fixture manufacturer. "C.H. Robinson plays a key role in ensuring our company's continued success throughout North America."

CLIENT ROSTER:

- Wal-Mart
- Clorox
- Fastenal Company
- Ocean Spray
- ▶ **Anheuser-Busch**
- Ecolab
- MackayMitchell Envelope
- Hickory Farms

CASE STUDY: John Deere

C.H. Robinson put its Transportation Management Center (TMC), a unique combination of transportation management services, in action to reconfigure John Deere's inbound transportation network. The tractor manufacturer's existing model left most of its North American freight under its suppliers' management. Because John Deere works with several thousand suppliers, it was experiencing higher costs and inconsistencies within its inbound network.

C.H. Robinson's TMC created an inbound transportation plan and developed a command center for centralized management and execution of John Deere's strategy nationwide. John Deere selects the carriers using TMC's planning, execution, and business intelligence tools, including network analysis, transportation modeling, a pool point program, and TMS implementation.

With TMC's transportation plan in place, John Deere has reduced transportation costs and improved its understanding of business factors such as regional density, creation of business rules, and carrier capacity and rate requirements.

READERS CHOICE:

top ten (3PL) excellence awards

5 DB Schenker

WHY THEY WON: Last year's merger of California-based BAX Global and Germany's Schenker created one of global logistics' biggest names. Now known as DB Schenker, the company's strengths are "the size and scale of its logistics and transportation networks, industry knowledge, and customer-centric solution designs," according to **Heiner Murmann, CEO, Schenker Inc.**, The Americas. "We have created a framework of solutions that are globally harmonized and locally delivered."

Readers who put DB Schenker on their 3PL go-to lists applaud the company's "top-notch technology," "dedication to customer needs," and "friendly contacts."

CLIENT ROSTER:

- BOC Edwards
- Siemens
- Goodrich
- DaimlerChrysler
- NASA
- Microsoft
- Sanmina
- Satair
- Porsche
- USOC

CASE STUDY: 2008 Olympics

As the 2008 Olympic Games' exclusive freight forwarding and customs clearance provider, DB Schenker provides services in Beijing and six other Chinese cities.

DB Schenker encompasses the entire range of freight forwarding services: from planning air and ocean freight capacities to customs clearance, from services at the Olympic village to deliveries to the high-security areas of the Olympic complex–everything is tailored specifically to this mega-event. In addition to television companies and press agencies, DB Schenker's customers comprise a large number of National Olympic committees, including the United States', as well as sponsors and suppliers.

DB Schenker is transporting all the furnishings and equipment for a leading American TV broadcaster to the international television center, the Olympic village, and the stadiums. The equipment's value exceeds $400 million.

Because the equipment will be deployed at events in North America until just prior to the Olympics, it has to be flown in, then transported immediately to the event.

6 Transplace

WHY THEY WON: "Transplace delivers results," notes one *IL* reader. Packaging manufacturer Rock-Tenn Company agrees. "Transplace continues to add value and provide superior support," says Ben Cubitt, vice president, supply chain, for Rock-Tenn. "We've been able to move from reactive to proactive, helping us create an effective strategy to drive maximized performance."

The Plano, Texas-based 3PL also received kudos for its "strategic agility," "outstanding customer focus," "innovative ideas," and "service, responsiveness, and attention to detail."

"Transplace creates a new level of transportation efficiency by bringing together a larger critical mass of freight and carrier capacity than any single shipper," says **Thomas K. Sanderson, president and CEO**, who also touts Transplace's use of logistics technology to optimize freight and keep all parties connected.

CLIENT ROSTER:

- Rock-Tenn
- ▼ **Wal-Mart**
- Home Depot
- Office Depot
- Del Monte
- DIRECTV
- Sara Lee
- Sysco
- USG
- Tyson

CASE STUDY: Rock-Tenn

Prior to implementing Transplace's TMS solution, each Rock-Tenn plant and converting site independently handled its own freight, from carrier and mode selection to scheduling and billing. The company didn't follow standardized transportation management practices, nor require regular carrier performance or KPI monitoring. Rock-Tenn relied on anecdotal rather than statistical evidence to identify poorly performing carriers.

Rock-Tenn now uses Transplace's TMS to track on-time delivery and pick-up, as well as monitor and improve performance and customer satisfaction levels. TMS's freight allocation module determines lowest-cost capacity per load and per lane, reducing costs significantly. Rock-Tenn also uses TMS's routing technology to direct more freight to preferred carriers, contributing further to cost savings.

Penske Logistics

7

WHY THEY WON: Eastman Chemical, like *IL* readers, has high praise for Penske Logistics. "A record of excellent service and quality performance, coupled with a high degree of professionalism prevalent among its employees, led Eastman to recognize Penske with its Supplier Excellence Award," says Terry Begley, Eastman Chemical's vice president, global supply chain and quality.

Reading, Pa.-based Penske garners reader accolades for its "global reach" and "flexibility and process discipline."

A one-to-one customer approach that creates strong relationships is Penske's formula for success, and an outstanding staff makes those relationships possible. "We've worked to attract, retain, and develop the world-class talent needed to grow our business," says **Penske Logistics President Vince Hartnett**.

CLIENT ROSTER:
- Bombardier
- Cardinal Health
- Ford Motor Company
- Eaton Corporation
- Eastman Chemical
- Continental Tire
- **Whirlpool**
- DSM
- Merck
- BMW

CASE STUDY:
Eaton Corporation

Penske Logistics serves as industrial manufacturer Eaton Corporation's lead logistics provider in Europe for all business segments; lead logistics provider for Eaton's auto, truck and electrical businesses in the United States and Mexico; and warehouse operator for Eaton's electrical business in North Carolina. With Penske Logistics' supply chain improvements, Eaton realized 2007 freight cost savings of more than eight percent in North America and more than 10 percent in Europe; an 11-percent improvement in on-time delivery performance; and a 159-percent improvement in on-time carrier communication.

Eaton Corporation recently recognized Penske Logistics with its Premier Supplier Excellence Award for the second consecutive year for the lead logistics management services it provides in North America and Europe.

BNSF Logistics

8 tie

WHY THEY WON: "Reliable and high-performing," is how one reader describes Springdale, Ark.-based BNSF Logistics. Others celebrate its "consistent transit times, equipment availability, and competitive prices," and observe that the 3PL "comes through on its commitments."

Eric Wolfe, BNSF's vice president and general manager, says the 3PL offers a total package of "comprehensive supply chain services that leverage domestic and international operating competencies to provide safe and secure logistics solutions, regardless of geographic location."

BNSF's efforts are paying off. After working with the 3PL, Robert Johnson, transportation manager and export systems administrator for BAE Systems Land and Armaments, says, "This was by far the best rail experience I have had in the last 13 years. It went beyond all expectations."

CLIENT ROSTER:
- Wal-Mart
- Morton International
- Domtar
- Bobcat
- **Amazon.com**
- Home Depot
- Ryerson
- JCPenney
- Lowe's
- Rio Tinto

CASE STUDY: **BAE Systems Land & Armaments**

An $8-billion contract to supply Army trucks prompted BAE to enlist BNSF's help. BAE's Sealy, Texas, manufacturing facility lacks direct-rail service, and the excessive height of its X-van truck requires specialty equipment and permitting for legal highway routing. The cost for shipping via truck is substantial and the Army is concerned about the availability of specialty truck equipment.

Most major U.S. military installations are direct-rail served. BAE's X-van load ratio for trucks to rail is 2 to 1, which made rail transportation a viable option. BNSF Logistics covered load planning and scheduling for the origin dray from plant to rail loading yard, procurement of rail equipment, on-site management of rail loading activities, and EDI waybilling. To date, BNSF Logistics has coordinated shipments of more than 150 railcars of X-vans, saving BAE about 30 percent in transportation costs compared to using truck.

READERS CHOICE:
top ten (3PL) excellence awards

tie 8 Landstar

WHY THEY WON: "Landstar knows what the word 'service' means," says one *IL* reader. Mike Gates, transportation manager, Wyman-Gordon Forgings Inc., agrees. "Landstar has always provided timely, accurate information and international paperwork, allowing us to recognize our revenue promptly," he says.

"Landstar's success lies in our ability to build strong one-on-one relationships with independent entrepreneurs in the transportation and logistics industry, and provide complete supply chain services and solutions," says **Henry H. Gerkens, president and CEO, Landstar System Inc.** "Through our unique network, Landstar agents have access to an array of flexible capacity and innovative Internet-based technologies to provide transportation logistics solutions for small, mid-size, or large companies. And because they each own their own businesses, our agents are highly motivated and committed to delivering safe, quality service."

CASE STUDY:
Wyman-Gordon Forgings

Timing is everything for Wyman-Gordon Forgings Inc. Every time a ship pulls out of an Italian port loaded with ingots of raw materials used to forge castings, engine components, and composite structures, it means revenue for the company. It is crucial that Landstar deliver on-time performance, ensure a smooth transition from shipper to packer to vessel, and provide customer feedback.

Landstar works with Wyman-Gordon Forgings not only to provide seamless transportation of the raw materials to Houston, Texas, but manages the export of the finished pipes that are shipped to various countries for use in power plant construction.

Landstar also serves Wyman-Gordon Forgings through its network of independent agents working in concert to provide multimodal solutions, quick turnaround, and personalized customer service.

9 Schneider Logistics

WHY THEY WON: Who says you can't be all things to all people? Not **Tom Escott, president of Green Bay, Wisc.-based Schneider Logistics**. "From domestic distribution in China to truckload shipments throughout Europe to import/export, we deliver excellence when meeting our customers' supply chain needs," he says.

IL readers agree, crediting Schneider with "helping meet our needs while keeping us competitive" and "consistently doing a great job for our customers."

Profile Products began its 3PL relationship with Schneider four years ago. "This business relationship has greatly contributed to the success of our company," says Gunther Waldeck, supply chain manager for the landscaping and erosion control products manufacturer.

CLIENT ROSTER:
- KTM
- **BP**
- Dow
- Whirlpool
- HON
- General Motors Service and Parts Operation
- Ford Customer Service Division
- Miller Brewing

CASE STUDY: PolyOne

PolyOne, the world's largest polymer services company, called on Schneider Logistics to help develop a more comprehensive, sophisticated transportation management program.

Its previous logistics processes did not consistently meet requirements for carrier capacity and delivery performance, and PolyOne had experienced issues with performance reporting and unresolved customer billing. In Schneider Logistics, PolyOne found a company that could meet its transportation and logistics needs while handling rapidly shifting priorities and production schedules. PolyOne quickly realized the benefit of working with a logistics provider with deployable, reliable transportation assets. Schneider Dedicated service assigned 100 trucks, trailers, and drivers to PolyOne routes, enabling PolyOne to streamline its transportation mix. This, along with many other solutions provided through its continuous improvement approach, helped Schneider Logistics meet PolyOne's high service expectations.

tie 10

TLC–Total Logistic Control

WHY THEY WON: TLC's "Think Like the Customer" initiative reflects its dedication to meeting customers' supply chain needs. "Our employee culture is focused on getting to know our customers and functioning as if we were the customer in all our activities," says **TLC President Pete Westermann**. "Each TLC associate gets involved in understanding our customers' businesses and supply chain models so we can create value by leveraging best practices."

Readers commend TLC's "essential services at a reasonable cost," "ability to transition to new business," "great service and follow-up," "dependability," and "good people."

Gary Laack, director of transportation, Johnsonville Sausage, values TLC's adaptability. "TLC helped us streamline our operation with a scalable and flexible solution that we can expand on demand," he says. "I recommend TLC to any company looking to form a true partnership that consistently drives process improvement for both operations."

CLIENT ROSTER:

- Sara Lee
- Kellogg Company
- Georgia-Pacific
- Diageo
- ▼ **Johnsonville Sausage**
- Dean Foods
- Kraft Foods
- ConAgra Foods
- General Mills
- PepsiCo

CASE STUDY:

Johnsonville Sausage

Sheboygan Falls, Wisc.-based Johnsonville Sausage approached TLC about engineering a more efficient way to meter inbound raw materials for its production sites, as well as metering finished goods held in numerous regional distribution centers.

Together, TLC and Johnsonville developed a dedicated carriage and transportation management system to meet the challenge. TLC's engineering team deployed modeling tools and software that yielded the required efficiencies. Additionally, the new system was scalable to handle volume increases and seasonal adjustments. TLC further tightened efficiencies by leveraging its diverse assets to streamline resupply routes and production processes. These steps all translated into savings for Johnsonville.

tie 10

Menlo

WHY THEY WON: "These guys can execute," declares one *IL* reader. Another notes that Menlo's "dedication to the customer *and* the carrier is the difference between a 3PL and a broker."

"As Menlo's business model has evolved, we've leveraged our resources and capabilities by introducing multi-client operations," says **President Bob Bianco**. "Through this strategy, and our application of lean methodologies, we are able to respond effectively to the typical peaks and valleys of our customers' business."

Shippers give Menlo's initiatives the thumbs-up. "Menlo's multi-client model and culture of continuous improvement create a unique offering in the logistics industry," says Paul Tedfors, regional logistics manager, BSH Home Appliances. "We're leveraging Menlo's scalability and shared resources for IT services, physical plant, labor, and expertise to create a supply chain solution unique to our needs."

CLIENT ROSTER:

- Embraer
- ▲ **Electrolux**
- General Motors
- Getinge Group
- Dow
- Hewlett-Packard
- Cisco Systems
- Network Appliance
- Starbucks
- Ricoh

CASE STUDY: BSH Home Appliances

In 2007, BSH made the strategic decision to consolidate its U.S. warehouse footprint in an effort to gain greater speed-to-market flexibility to about 1,600 ship points monthly. It also sought to achieve logistics cost efficiencies.

BSH selected Menlo for its multi-client network warehouse management solution. It transitioned five dedicated U.S. warehouses to four multi-client facilities, three operated by Menlo.

Menlo's use of supplementary temporary staffing allows BSH to scale labor up or down to meet seasonal/business fluctuations.

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(3PL) rfp

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Your request is totally confidential. Fax this RFP to Inbound Logistics at **212-629-1565**. For faster service, make your request online at **www.inboundlogistics.com/rfp**

You'll get information not about the companies listed here, but about solutions to the specific challenges you describe in the space below.

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- ☐ A.N. Deringer
- ☐ Access Logistics
- ☐ AFN-Advantage Freight Network
- ☐ Agility Logistics
- ☐ AmeriCold Logistics
- ☐ Aspen Alliance Group
- ☐ ATC Logistics & Electronics
- ☐ Audacious
- ☐ Automated Distribution Systems
- ☐ Averitt Express
- ☐ BAX Global
- ☐ Bender Group
- ☐ Big Dog Logistics
- ☐ Bilkays
- ☐ BNSF Logistics
- ☐ Cardinal Logistics Management
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- ☐ CRST Logistics
- ☐ CT Logistics
- ☐ Diamond Logistics
- ☐ DSC Logistics
- ☐ Dupré
- ☐ Echo Global Logistics
- ☐ Evans Distribution Systems
- ☐ FAC Logistics
- ☐ FLS Transportation
- ☐ FMI International
- ☐ Freight Flow
- ☐ Gilbert Company, The
- ☐ Greatwide Logistics
- ☐ Gumro & Associates
- ☐ InterChez Logistics
- ☐ Jacobson Companies
- ☐ Kane Is Able
- ☐ Kenco Logistic Services
- ☐ LandAir
- ☐ Landstar Global Logistics
- ☐ LeSaint Logistics
- ☐ Lily Transportation
- ☐ LMS Logistics
- ☐ LTD Supply Chain
- ☐ Lynden
- ☐ LynnCo
- ☐ Mallory Alexander
- ☐ National Retail Systems
- ☐ New Breed
- ☐ Nexus Distribution
- ☐ NFI Industries
- ☐ OOCL Logistics (USA)
- ☐ Penske Logistics
- ☐ Performance Team
- ☐ Port Jersey Logistics
- ☐ Priority Distribution, Inc.
- ☐ Priority Solutions International
- ☐ PSS Warehousing
- ☐ RK Logistics Group
- ☐ RoadLink
- ☐ Ruan
- ☐ Ryder
- ☐ RMX Global Logistics
- ☐ Salem Logistics
- ☐ SEKO
- ☐ Smart Management Group
- ☐ Sunrise Logistics
- ☐ TLC-Total Logistic Control
- ☐ TMSi Logistics
- ☐ Transfreight
- ☐ TransGroup Worldwide Logistics
- ☐ Transplace
- ☐ Tucker Company
- ☐ Unyson Logistics
- ☐ Wagner Industries
- ☐ Weber Distribution
- ☐ Wheels Group
- ☐ Werner
- ☐ (WSI) Warehouse Specialists, Inc.

WASTE NOT, WANT NOT.

By moving beyond conventional packaging methods and materials, companies can reduce their carbon footprints as well as their transportation spend and warehousing costs.

by William Atkinson

Whether they call it eco-friendly, sustainable, biodegradable, or natural, companies are looking for ways to "go green" with their packaging. While helping the environment is one benefit of eco-friendly packaging, packing products using fewer and more sustainable materials reaps additional rewards:

Saving money. Reducing excess packaging results in lighter and smaller shipments that cost less to transport. And greater quantities can fit on pallets, in shipping containers, in warehouses, and on retail shelves.

Maintaining business. Switching to green materials can help meet or anticipate customer demands for eco-friendly suppliers.

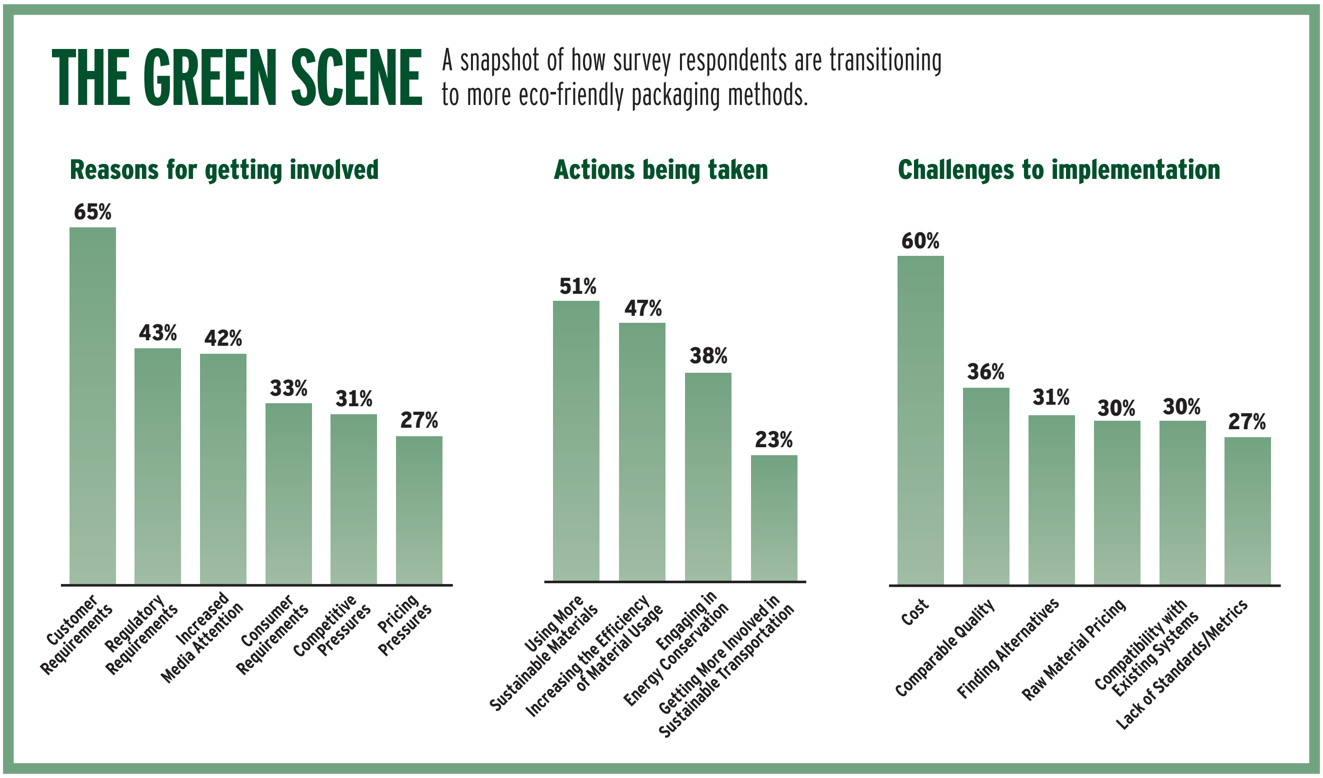
Attracting consumers. Many shoppers will choose an environmentally friendly product over a conventional package.

"While eco-friendly packaging is a recent phenomenon, it is already a large and rapidly growing trend," observes Susan Selke, Ph.D., acting and associate director of the School of Packaging at Michigan State University, East Lansing. "Source reduction in packaging has been going on for decades as a way to reduce costs. Until recently, however, few companies were doing it to increase sustainability."

Appliance manufacturers, for example, are reducing or even eliminating the amount of corrugated cardboard they use in packaging, replacing it with foam blocks at corners and shrink wrap around the product. The foam is lighter than the corrugate and reduces shipping costs and damage that can occur during loading/unloading and transportation.

"Reducing damage by using foam is a huge cost saver for all supply chain partners," explains Esther Palevsky, an industry analyst for Cleveland, Ohio-based market research company Freedonia Group. On the negative side, foam is not as recyclable as corrugated cardboard, she notes.

Cutting transportation costs is of particular interest to companies considering eco-friendly packaging, according to Anne Johnson, director of the Charlottesville,



SOURCE: 2007 Survey, Sustainable Packaging Coalition and *Packaging Digest*

Va.-based Sustainable Packaging Coalition (SPC), an industry group focused on creating a robust environmental vision for packaging.

"Transportation is tied so closely to energy that, when you manage logistics well, you also manage costs well," Johnson says. For SPC member companies, designing packaging to optimize transportation is a major goal. It involves using packaging materials and physical design to minimize fill and waste, and increase cube efficiency.

Packaging specialists are also investigating new ways to recover materials. Shopping centers and strip malls that group grocery stores and other retailers of different sizes in close proximity, for example, offer a great opportunity.

"Individual stores may not have a lot of discarded material," she states. "Collectively, however, they end up with high volumes and frequent deliveries." In these situations, the economics of recovering materials for recycling are very efficient.

Packaging should be designed to optimize materials and energy consumption, while maximizing the use of renewable or recycled materials, according to a 2007 survey by the SPC and *Packaging Digest* magazine. Seventy-three percent of respondents report that their companies have increased their emphasis on packaging sustainability over the past year *(see chart above)*.

Here's a look at how four companies are leading the way in green initiatives.

UNILEVER
WASHING AWAY WASTE

Consumer goods manufacturer and SPC member Unilever looks at packaging in the context of the total product lifecycle. "We want to reduce packaging and make it more sustainable, but always consider the impact on the product," explains Humberto Garcia, packaging manager for environmental sustainability for North America.

To date, the Greenwich, Conn.-based company is making excellent progress in packaging reduction and removal. In 2007, for example, Unilever was named Wal-Mart's Supplier of the Year for Sustainable Engagement. One element of the award was related to eco-friendly packaging.

The Unilever product that has received the most publicity to date is "all small & mighty," a laundry detergent introduced in 2006 that is three times more concentrated than regular detergents.

"Laundry liquids are perfect candidates for concentration," says Garcia. "We reformulated the liquid so consumers can wash the same volume of clothing with one-third the product–reducing the package from 100 ounces to 32 ounces. This allowed us to cut the amount of plastic by 55 percent. We were also able to reduce the amount of corrugate by 45 percent, which allows more product to fit on pallets and store shelves." This means that retailers don't have to restock shelves as often.

"all small & mighty" is just the tip of the iceberg for Unilever, however. With products on sale in more than 150 countries, the company realized that it needed a coherent and sophisticated packaging strategy. Its approach to responsible packaging takes into account environmental, social, and economic considerations.

In 2007, the company formed a Responsible Packaging Steering Team to create a new strategy. The team focuses on five packaging principles:

1. Remove: Eliminate, where possible, unnecessary packaging layers, such as outer cartons and shrink-wrap film. "By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VALUE-ADDED SERVICES

Unlike the bottles they top, polypropylene caps usually aren't collected and recycled. So Estée Lauder's Aveda division developed a collection process to ensure that they would be.

changing the shipping case of Wishbone salad dressing, for example, we were able to save 2,100 metric tons of corrugate each year," says Garcia.

2. Reduce: Shrink packages to the optimal size and weight for their contents. Unilever's redesigned Suave shampoo and conditioner bottle is 16 percent lighter with a 12-percent lighter cap, reducing the amount of resin each year by 670 tons in the United States alone.

3. Reuse: Reuse packaging from the materials Unilever receives at its factories. "Some cap suppliers ship product in reusable totes," says Garcia. "When we are done, we return the totes to the suppliers to reuse."

4. Renew: Maximize the proportion of packaging from renewable resources, and investigate the technical feasibility of biodegradable and compostable material.

5. Recycle: Increase the use of recycled, recyclable, and single-material components in packaging for easy sorting and recycling at the end of its use. "We transitioned Hellman's Real Mayonnaise from glass to a recyclable plastic jar," says Garcia.

Unilever cites numerous other examples of eco-friendly packaging:

- It redesigned bottles of Vaseline hand lotion, reducing pack weights between four percent and 15 percent since 2003, depending on pack size. This is equivalent to 45 tons of plastic.
- It reduced the width of Lipton soup cartons, cutting material use by almost 16 percent, leading to 6,437 fewer pallets and 132 fewer trucks per year.
- It introduced Ragu and Bertolli pasta sauces in flexible pouches, which is a first for the category. The pouch weighs 13.5 ounces–less than just the metal lid on the 26-ounce glass jar.

ESTÉE LAUDER

PRETTY IN GREEN

Estée Lauder is one cosmetics company with a long-term commitment to eco-friendly packaging. In 1991, the New York-based company released its Origins cosmetics line, which features environmentally friendly ingredients and packaging, plus a built-in recycling program.

Estée Lauder's Corporate Social Responsibility Program strives for zero waste, defined as 100-percent efficiency of energy, material, and human resources. The company also joined the U.S. Environmental Protection Agency's Climate Leaders Program to help further quantify its carbon footprint.

Estée Lauder's packaging program is based on the SPC's definition of sustainable packaging. It designs packaging that:

- Meets marketing criteria for performance and cost.
- Is sourced, manufactured, transported, and recycled using renewable energy.
- Maximizes the use of renewable and recycled source materials.
- Is manufactured using clean production technologies and best practices.
- Is physically designed to optimize materials and energy.
- Can be effectively recovered for reuse as a resource after the product has been consumed.

"As a corporation, we recycle about 55 percent of everything that comes out of our factory that otherwise might go to waste," says John Delfausse, vice president, global package development, and chief environmental officer for Estée Lauder Corporate Packaging. He is responsible for package development for Estée Lauder's Aveda, Clinique, and Origins brands, and is a founding member and executive committee member of the SPC. "The rest goes to incineration for energy. We don't landfill any materials."

The company also creates bundle packs and wraps to reduce materials and costs. The chipboard (paper) carriers it does use are made from 100-percent recycled material.

Recently, Estée Lauder developed an innovative cap collection program through its Aveda division. "Polyethylene bottles may get captured and recycled," Delfausse says, "but polypropylene caps usually do not." Aveda recently set up an infrastructure to collect the caps, ship them to one of three consolidation centers around the United States, then send them to a facility in Troy, Ala., where they are reground and made into new products.

Estée Lauder is even taking its green initiatives into retail stores. It introduced its new point-of-sale merchandising display units in a three-step program, which should be in place during the next 18 months to two years.

"The first step is redesigning the units so they can be easily broken down and recycled," says Mike Jaklitsch, vice president, global environmental affairs and safety for the company. "They can be shipped compactly, then assembled at the store. The smaller boxes optimize transportation."

Second, the units will be made of more simplistic materials, such as one type of plastic or one type of paper, instead of mixed materials. "At the end of life, they can be easily recycled," Jaklitsch says.

"Third, we will take responsibility for the recycling," he adds.

HEWLETT-PACKARD

SETTING THE RIGHT TONE

In 1992, Palo Alto, Calif.-based personal computer company Hewlett-Packard (HP) created a Design for Environment Program, which assigns a product steward to each product. The steward is responsible for identifying, prioritizing, and implementing environmental improvements for that

HP's new printer cartridge packaging saves about 15 million pounds of materials, including three million pounds of corrugated cardboard and almost seven million pounds of PVC.

FTC$.02

The FTC Adds its 2 Cents

With all the attention given to eco-friendly packaging and the publicity related to companies making advancements in these initiatives, it's easy to lose sight of the fact that some companies are attempting to ride the coattails of the leaders. With consumers becoming more impressed with companies that present a "green face," a lot of companies are advertising that they are "green," when, in fact, they may be doing little or nothing in this regard.

One organization formally investigating companies' "green" claims is the Federal Trade Commission (FTC). In early 2008, the FTC began a regulatory review of its environmental marketing guidelines, known as the "Green Guides," created in 1992 and last updated in 1998. The guidelines outline general principles for all environmental marketing claims and provide specifics about certain claims, such as biodegradability, compostability, recyclability, recycled content, and ozone safety.

In response, the American Association of Advertising Agencies, the American Advertising Federation, and the Association of National Advertisers urged the FTC not to "rush to judgment." Existing guidelines on truth and accuracy in environmental claims are effective, they claim, and self-regulation ensures that environmental claims are not deceptive and must be substantiated.

It will be several months before the outcome of this tug of war is known; what changes, if any, will occur to the Green Guides; and what actions the FTC might take against companies making claims that the agency deems to be false or misleading.

product, including its packaging.

In early 2007, HP redesigned its print cartridge packaging to reduce greenhouse gas emissions in North America by 37 million pounds annually, the equivalent of taking 3,600 cars off the road for one year. The packaging was designed to eliminate about 15 million pounds of materials, including three million pounds of corrugated cardboard, and almost seven million pounds of PVC. In fact, since 2003, HP has reduced the overall package weight of its inkjet cartridge multipacks by 80 percent and quadrupled the number of packages that can be carried in a single truckload.

HP's new LaserJet toner cartridge packaging uses 45 percent less packaging material by weight, which reduces shipping volume by 30 percent. A standard shipping pallet that once held only 144 cartridges can now hold 203.

"These initiatives are reducing truck traffic in the United States and Canada by about 1.5 million miles a year because we can fit more product in each truck," explains Jean Gingras, HP's North American supplies environmental marketing manager.

"We have also been able to reduce the inkjet multipack's front surface area by 80 percent, allowing retailers to fit more products on their shelves," she adds.

HP will soon begin packaging its high-end printers to halve the current volume of packaging and shipping materials. The new clear packaging design eliminates the need for an outer corrugated box and extensive foam packaging.

"Instead, it uses minimal foam and supports, along with a durable transparent film to encase the product for shipping," says Gingras.

The outer transparent plastic film is made of polyethylene, the same material as plastic milk jugs, which can be recycled in many locations.

DELL

SERVING UP SAVINGS

In mid-2007, Round Rock, Texas-based computer and accessory manufacturer Dell Inc. introduced a new server packaging option called Multipack, which reduces packaging materials by up to half. The environmental impact from saving paper and cardboard will be equivalent to preserving about 52,000 trees a year, Dell estimates.

The new design delivers up to four full-size rack servers or 10 slim, compact blade servers in a single box instead of packaging each separately. In addition to reducing packaging, collateral materials can be reduced up to 75 percent when only one set of product manuals and CDs is included in each box.

Dell expects annual savings of 2,000 tons of cardboard, 1,000 tons of pallets, 300 tons of paper, 80 tons of polyethylene foam, and 40 tons of plastic.

Glenn Keels, director of marketing for Dell's PowerEdge servers, recalls the genesis of the initiative.

"In 2006, members of our customer advisory councils were talking about 'green IT,'" he says. "They noted that they were ordering from 50 to 200 servers, and receiving multiple CDs and boxes."

Dell evaluated the space these packages occupied on docks and in trucks and the time required for customers to unbox a 50-server implementation.

"Multipack is our way of delivering simplified packaging to make things easier for customers, as well as being environmentally sensitive," Keels says. "Multipacks are designed for implementation of 20 to 50 servers, or more, but they are also useful in implementations of just four servers or a blade chassis of 16 servers."

Dell can deliver a fully-configured blade chassis, or storage frame, in one box. According to Keels, a competitor uses 78 boxes to deliver the same product.

"We asked a third party to do a comparison," he says. "It took four times as long to deploy the competitor's blade system as it did ours. Ours also involves 75 percent less paper packaging waste than the competitor's packaging."

Going green in packaging offers multiple benefits–reducing the costs associated with creating packaging, decreasing weight and volume to reduce transportation costs, making it easier for customers to unpack products, and creating less packaging-related waste.

Oh, and helping the environment. ■

KEEPING SCORE

The Wal-Mart Way

No discussion of eco-friendly packaging would be complete without the impact of Wal-Mart. In September 2006, the retailer announced that it was beginning to encourage 60,000 of its suppliers to reduce packaging. The goal was to cut packaging by five percent by 2013, as well as prevent 667,000 metric tons of carbon dioxide from entering the atmosphere.

According to Wal-Mart, the initiative is designed to save $11 billion, of which the retailer will see savings of $3.4 billion.

In November 2006, Wal-Mart introduced its Sustainable Packaging Scorecard system to 2,000 private label suppliers. It then made it available to all suppliers in February 2007 for a one-year test phase. During that time, 6,371 suppliers entered 97,000 products into the Scorecard system.

The Scorecard rates suppliers' efforts according to the following criteria:

15%	greenhouse gases/ CO_2 per ton of production
15%	material value
15%	product-to-package ratio
15%	cube utilization
10%	transportation
10%	recycled content
10%	recovery value
5%	renewable energy
5%	innovation

Beginning in February 2008, Wal-Mart began measuring and recognizing suppliers for their efforts related to the Scorecard.

Knowing they'll be evaluated using the Scorecard's sustainability metrics gives Wal-Mart's suppliers motivation to go green.

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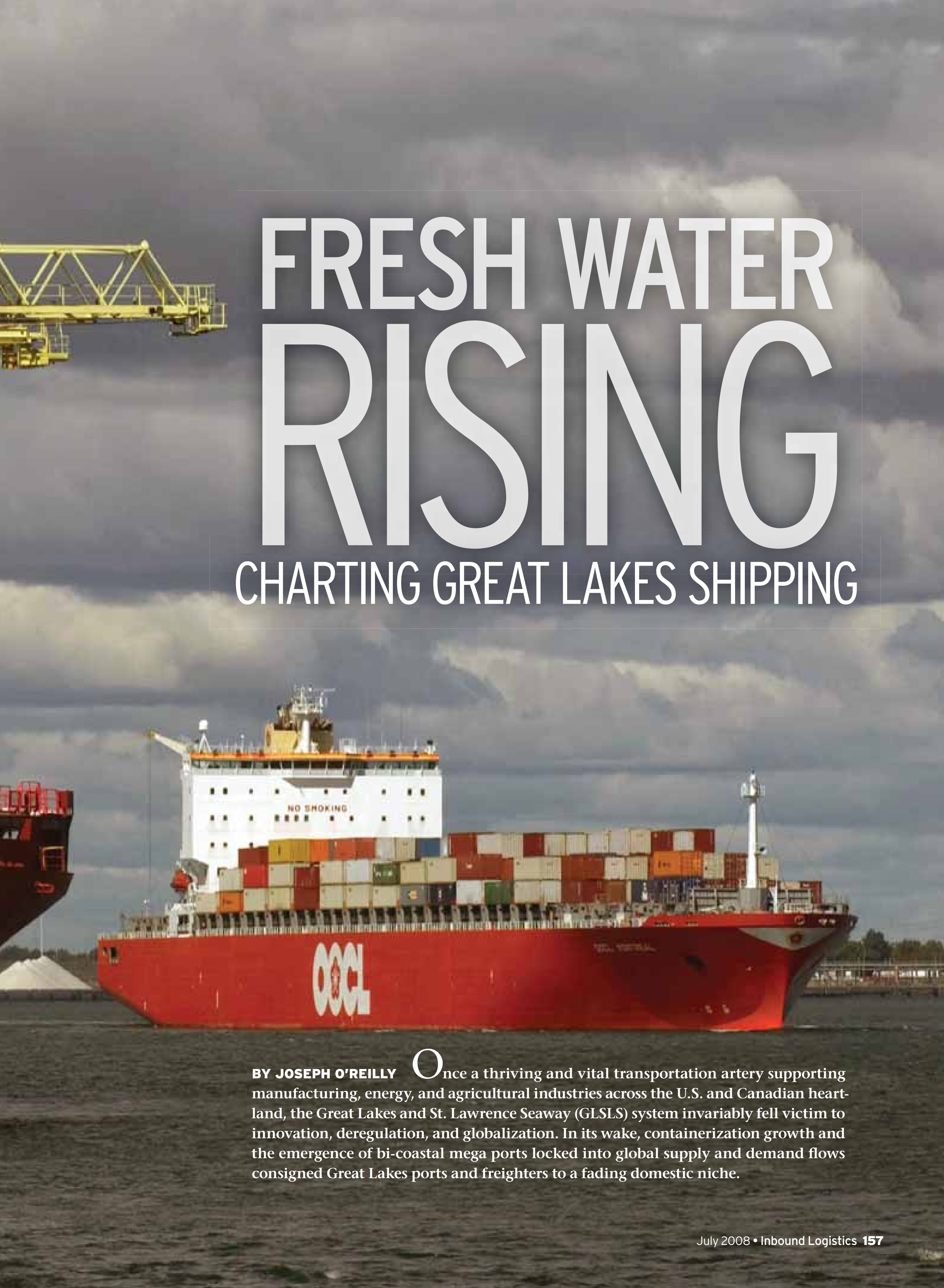
"In the process of economic revolution new methods of transport have continually replaced traditional means. The railroad, until recently the dominant transportation enterprise in America and still that with the greatest investment committed, is fighting the symptoms of decay. Other once-flourishing means of transportation have already succumbed to change. Such are the Great Lakes package-freight carriers."

— **Daniel Fletcher**, assistant professor of economics, Ohio State University
The Decline of the Great Lakes Package-Freight Carriers, 1962



FRESH WATER RISING

CHARTING GREAT LAKES SHIPPING

BY JOSEPH O'REILLY

Once a thriving and vital transportation artery supporting manufacturing, energy, and agricultural industries across the U.S. and Canadian heartland, the Great Lakes and St. Lawrence Seaway (GLSLS) system invariably fell victim to innovation, deregulation, and globalization. In its wake, containerization growth and the emergence of bi-coastal mega ports locked into global supply and demand flows consigned Great Lakes ports and freighters to a fading domestic niche.

The St. Lawrence Seaway, once a booming pipeline for Midwest industries, is turning a new page after years of obsolescence. Growing container trade into the East Coast has brought the St. Lawrence and Great Lakes system back into play for some intrepid shippers.

But that same global tide is once again shifting conventional transportation strategy, freeing up new opportunities for moving freight into, out of, and within the United States through old channels. Ongoing dialog about the future of U.S. transportation and trade, specifically infrastructure and capacity constraints, rising transport costs, and the expected wave of container volume from Asia over the next two decades, has brought the GLSLS system back into peripheral view for some enterprising ports, carriers, and shippers.

The GLSLS system, popularly termed Highway H_2O, spans the St. Lawrence River, St. Lawrence Seaway, and Great Lakes region, covering 2,400 miles of navigable rivers, lakes, canals, locks, and ports. From the Port of Halifax on Canada's Atlantic coast to its most westerly port in Duluth, Minn., the marine system flows directly into the continent's heartland, reaching one-quarter of the U.S. and Canadian populations combined. Remarkably, the Seaway currently operates at only half its capacity.

The idea of selling inland waterborne transport and short sea shipping as an alternative or complement to existing surface options, and therefore reaching out to new global shippers and cargo, is gradually picking up pace. Both public and private sector interests–from ports to carriers to federal, state, and provincial authorities–are laying the groundwork for introducing legislation, investing in infrastructure and vessels, and developing services to revitalize a maritime institution. If global trade and containerization patterns are any indication, the GLSLS system is already positioned as a promising global gateway.

By example, the Port of Montreal, situated at the crossroads between the St. Lawrence Seaway System and the Great Lakes region, has experienced solid growth in container traffic over the past decade. Since 1998, volume at the port has climbed from 860,000 TEUs to 1.3 million TEUs, with the bulk of freight originating in Europe. Container shipments at the deep-water Port of Halifax, located on Nova Scotia's eastern seaboard, have remained steady–averaging more than 500,000 TEUs over the same period.

Further afield, plans are underway to invest $500 million in two new container terminals–Melford and Sydport–on the Nova Scotia side of the Strait of Canso to capitalize on emerging trade from Asia through the Suez Canal. The facilities, which are expected to be operational by 2011 and capable of accommodating the largest ocean-going container ships, will bring an additional two million TEUs of throughput capacity to Atlantic Canada.

Going With the Flow

With container flows into the East Coast growing, the notion of pushing more volume through the Seaway into the Great Lakes system–in lieu of offloading boxes into congested road and rail networks–could provide a much-needed cost and capacity cushion for domestic shippers and importers.

Seaway authorities and businesses are looking to create a regional feeder

New Sailings

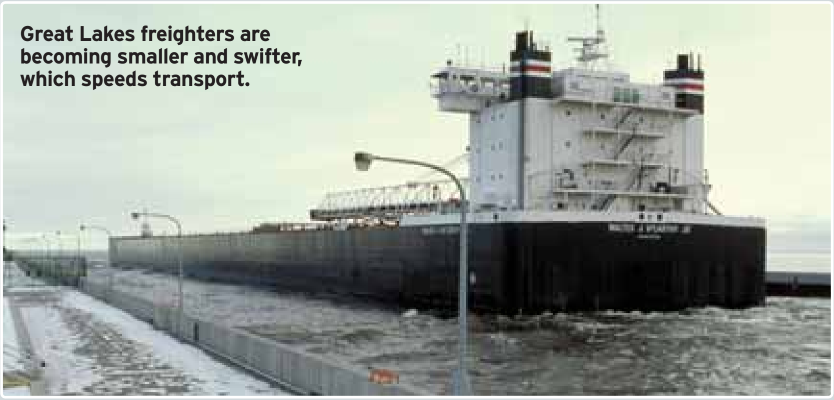
Because shippers in today's value chain are becoming more sensitive to transport costs and times, the Great Lakes-St. Lawrence Seaway system is deploying four types of container vessels that can compete against road and rail in terms of both speed and economy.

CONTAINERS ON BARGES is a term used for flat-bottomed barges that can move stacks of containers through the system. Such vessels consume far less fuel, making them relatively inexpensive. On the down side, they move very slowly.

CONTAINER SHIPS are now available that have a cruising speed almost double that of older vessels. Although their energy consumption is higher, the faster ships are considerably more efficient compared to truck, rail, and even container-on-barge services because of capital cost savings. Faster speeds directly address shipper concerns about time, making this mode competitive against ground transportation. Ship speeds are still limited by locks and channels; but on open water, faster vessels reduce travel time significantly.

FAST FREIGHTERS (OR FERRIES) use very powerful engines to operate at high speeds. They are often used as automobile and truck ferries. Speed, however, is achieved through high fuel consumption: freighters can use almost 20 times more fuel per forty-foot equivalent unit (FEU)-mile than a container ship. That also means that a fast freighter consumes substantially more fuel per container shipped than does a truck for the same distance.

PARTIAL AIR CUSHION SUPPORT CATAMARAN (PACSCAT) is a surface-effect ship—a vessel that uses an air cushion to partially lift itself out of the water. This reduces the draft of the vessel as well as its wakes. The vessel operates in water displacement mode at lower speeds but raises itself out of the water for faster travel. Again, its higher speeds are achieved at the expense of fuel efficiency.



Great Lakes freighters are becoming smaller and swifter, which speeds transport.

Performance characteristics of potential new vessels

PERFORMANCE PARAMETER	CONTAINER ON BARGE	GLSLS CONTAINER SHIPS	FAST FREIGHTER	PASCAT (OPEN WATER)
Top cruise speed (km/h)	14.8	37	63.9	63.9
Fuel consumption at cruise speed (kg/hr)	560	2,680	6,510	8,683
Fuel consumption (kg/TEU-km)	0.061	0.054	1.07	0.647
Loaded TEU/FEU capacity	620/310	1330/665	95/42	210/105
Crew	9	14	9	11
Transit time (hrs.): Lake Erie–Montreal	48	43	40	37
Transit time (hrs.): Halifax–Montreal	84	50	25	25
Transit time (hrs.): Halifax–Chicago	202	135	86	83

Source: 2007 Great Lakes St. Lawrence Seaway Study

system that transships containers from large ships at deep-water coastal hubs onto smaller and faster vessels for transit to shallower Great Lakes ports. Such a network would augment the tug and barge and lake freighter capacity that already exists, and specifically accommodate container traffic.

Dean Haen, port manager at the Port of Green Bay, Wisc., likens this hub-and-spoke feeder system to that of a domestic Class I and shortline railroad network. Others have compared it to a regional LTL marine highway.

For areas such as Green Bay, the opportunity to siphon some of the swelling volumes coming into container facilities in Montreal, Halifax, and the planned development on the Strait of Canso could be a real boon in terms of port and regional economic development growth. One challenge is being time-competitive with the railroads. "We're currently four days from Montreal, so there is a real possibility we could be competitive," says Haen.

From an overall transportation standpoint, the marine system can match up with rail, as current shipment times from Halifax to Montreal generally average between three and five days, according to Bruce Hodgson, director of market development at the St. Lawrence Seaway Management Corporation.

At the same time, both Haen and Hodgson see a greater opportunity partnering with Class I and shortline railroads to create an intermodal system that can operate year round and help fill in the seasonal gap (generally three months) when ice renders Great Lake ports and waterways inaccessible.

"The marine system could act as a relief valve for the railroads, especially when peak volumes are difficult to handle," says Hodgson. "But we want to work with all modes, partnering with trucking companies to develop trailer-on-barge services as well."

Shippers Jump on Board

Whether marine options can compete with truck or rail in short- and long-haul markets may ultimately be a moot issue. Given recurring fuel, capacity, and congestion constraints, businesses

are becoming more strategic in how they plan transportation to better reconcile spend with speed and demand. Shippers with less time-sensitive cargo may be inclined to consider transporting larger quantities of product via slower modes if the price is right–in terms of direct and indirect benefits.

For example, greater use of short sea shipping, with Ro/Ro vessels capable of seamlessly loading and unloading truck trailers for overland moves, provides an opportunity to circumvent congested areas, thereby reducing energy consumption, carbon emissions, freight spend, and conceivably transit time depending on market congestion.

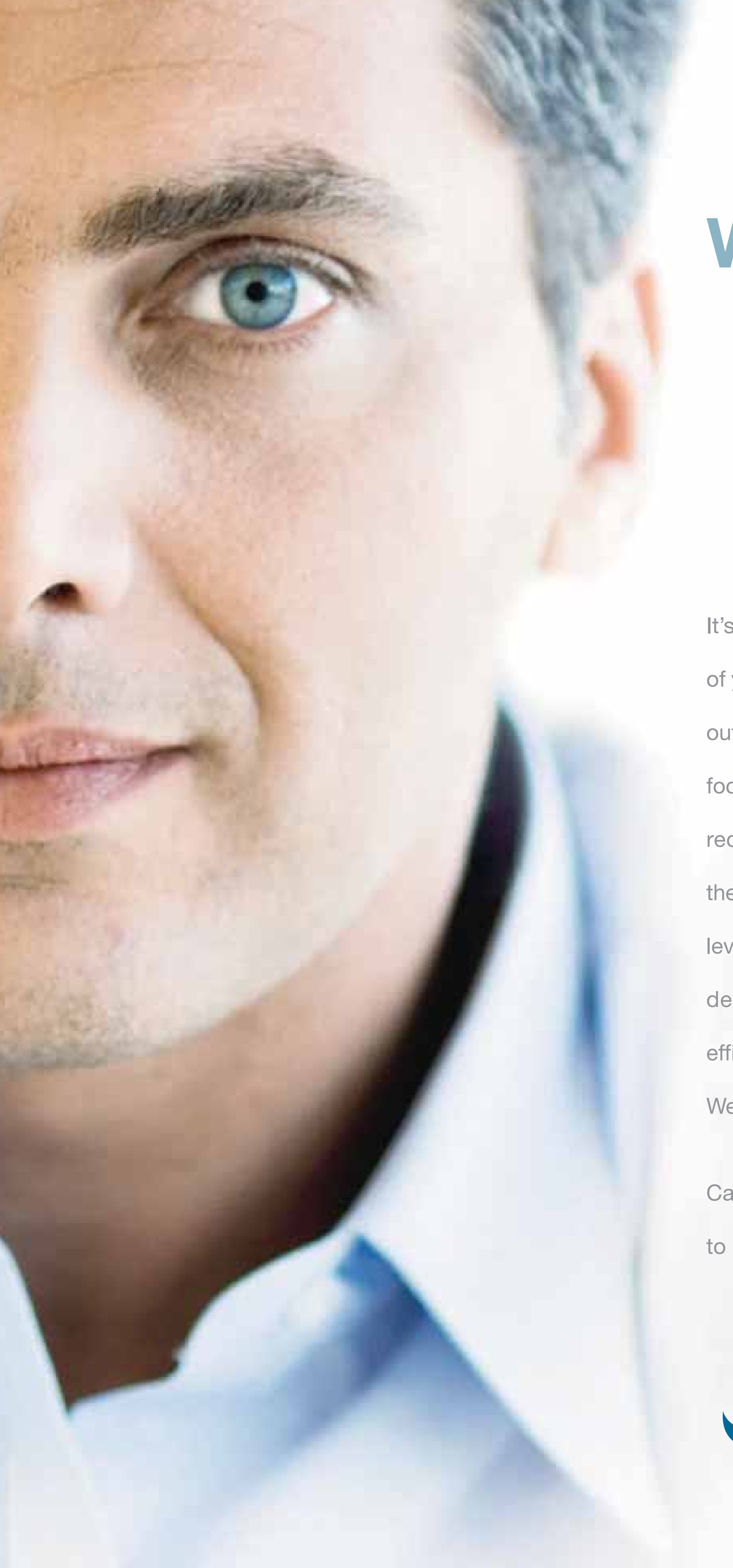
Increasing container volume through the Port of Montreal is bringing more freight into the GLSLS system.

"Marine transport lends itself to heavier commodities and lower value merchandise that can adapt to longer transit times. Shippers, in turn, can adjust their transportation schedules and work with manufacturers to manage production flows," Hodgson reports.

Some shippers already indicate willingness to pursue inland waterborne options if there are economic incentives.

Shippers responding to a 2007 Great Lakes St. Lawrence Seaway Study, commissioned by a group of U.S. and Canadian public authorities including the U.S. Department of Transportation and the St. Lawrence Seaway Management Corporation, identified pricing concessions that might attract them to the GLSLS. The survey revealed that:

- Raw materials shippers using rail would require a discount of five percent in transportation costs to induce a switch to the seasonal mode.
- Food, semi-finished, and finished goods shippers using rail require a discount of 14 percent.
- Food shippers transporting product by truck need a 25-percent cost reduction.
- Shippers are less concerned about seasonality because they draw up transport contracts according to spot markets, monthly arrangements, or on short terms.



Gateway to the Heartland

Even though the bulk of U.S. trade flows through West, Gulf, and East Coast ports, the greatest concentration of U.S. ports is located on the Great Lakes—a reflection of the region and waterway's onetime economic standing and importance. Fifteen international ports and some 50 smaller, regional ports are located on the Great Lakes-St. Lawrence Seaway system. Some of the larger port locations are shown below.

Source: Great Lakes Commission and American Great Lakes Ports Association

"Shipper attitudes suggest that the GLSLS is highly competitive against road and rail in the transport of semi-unfinished goods. As the global economy grows, the challenge for the GLSLS is to capture a share of this expanding market, using its competitive advantages to provide a valuable complement to multimodal transport services based on road or rail," the study concluded.

"Regrowing" Pains

Despite this positive feedback and other promising signs that shipper interest in the GLSLS system is growing, some obstacles need to be addressed–notably, the Harbor Maintenance Tax (HMT), which levies duties on domestic waterborne shipments.

"Port-to-port movement is taxed every time a vessel stops at another port," says Haen. This invariably undermines the economy of short sea shipping for both importers and domestic shippers. At the moment, legislation is on the docket in Congress to amend the HMT and further incentivize short sea shipping and feeder line operations. If passed, The Great Lakes Short Sea Shipping Enhancement Act of 2007 (H.R. 981) will provide an exemption to the tax for the movement of non-bulk commercial cargo by water in the Great Lakes region. Most observers expect it to be repealed sooner rather than later.

When the HMT is resolved, Haen believes the next challenge is revisiting the Jones Act, which mandates that vessels operating between U.S. ports be built in the United States. To make the GLSLS viable, "we'd have to build more U.S. ships or allow waivers to Canadian lines so they can move point to point," he reports.

As it is, a shortage of vessels meeting these requirements could pose a capacity constraint, further dissuading shipper commitment to marine transport. While changes to the Jones Act are arguably less feasible than the HMT, short sea shipping advocates have lobbied U.S. Customs for exclusions that would allow foreign vessels into the system and commence activity while U.S. shipbuilders get up to speed.

Beyond legislative action, there is no guarantee railroads will welcome partnerships with feeder lines and short sea carriers that take freight out of their own networks. Concerns have also been voiced about aging system infrastructure, such as the Welland Canal; environmental considerations, including ongoing efforts to stem ballast water contamination and invasive species infestation within the Great Lakes ecosystem; and water level management for both navigational and ecological purposes. All these factors will likely become magnified with greater shipping activity throughout the GLSLS.

These issues notwithstanding, as testament to the potential of rethinking and retasking the GLSLS system for more freight movement, some companies are already looking ahead and investing in its future. Great Lakes Feeder Lines, a Burlington, Ontario-based short sea carrier, recently finalized the purchase of Canada's first dedicated, European-style, short sea shipping vessel.

The carrier is preparing to launch a year-round service between Halifax and Montreal as well as a seasonal service carrying containers to Toronto/Hamilton on the St. Lawrence Seaway and Great Lakes.

The Great Stake

Perhaps the greatest hurdle, and opportunity, is convincing U.S. shippers that marine transport is a viable complement to rail and truck modes.

This is a challenge, acknowledges Hodgson, but "we're using direct sales efforts and working with port partners and carriers to develop new business leads."

The St. Lawrence Seaway has also introduced a toll structure that provides business incentives for new users bringing freight into the system.

Others observe that the U.S. logistics industry as a whole needs to begin thinking about the long-term challenges and opportunities that increasing inbound trade, institutionalized fuel costs and congestion, and shrinking capacity might bring. Greater utilization of marine transport provides an opportunity to bring additional capacity online, while also giving global shippers a more economical and reliable channel for moving freight into the North American heartland.

"We need to look out 10 years from now and figure out where shippers see themselves," says Mark Chesnes, president and CEO of InterChez Logistics Systems, a Stow, Ohio-based 3PL that operates near Lake Erie. "We need to clear the woods of archaic thinking, put a road down, and figure out where that road is going."

Chesnes sees efforts by the Cleveland Port Authority to create a new container port on Lake Erie, thereby reconceptualizing the role of the St. Lawrence Seaway within the broader context of the U.S. freight transportation network, as evidence of this strategic mindset and an opportunity to pave a new marine highway for U.S. trade.

"A litany of issues need to be resolved, but getting through them brings Midwest companies closer to the market," Chesnes says. "Cleveland can be an international port city if we don't let the tactical stand in the way of the strategic. There are one million reasons why we can't; there is one reason why we should–because it's a good idea."

Chesnes is not alone. A growing number of people in the domestic maritime industry believe a once-flourishing means of transportation is poised to not only withstand change, but also thrive on it. Such is the promise of GLSLS container-freight shipping. ■

INBOUND LOGISTICS'

Summer Reading Guide 2008

After you pack the picnic basket with sandwiches, potato salad, and lemonade, toss in one of these interesting summer reads. You'll quench your appetite and your thirst for supply chain knowledge at the same time.

by
Mark Rowan

Start Pulling Your Chain!
By Donald J. Bowersox and Nicholas J. LaHowchic

As the Internet creeps more and more into the daily business of supply chains, companies need to be ready to adapt or risk falling by the wayside. *Start Pulling Your Chain!* looks at how the Internet affects business now and how it will change business in the future. The authors explain how companies need to modify their operations to survive in a new electronic era of customer interaction and satisfaction.

KEY TAKEAWAYS: **Learn how to turn your supply chain into a well-oiled, responsive machine by using current and future technology to connect you to customers like never before.**

FOR DETAILS: www.ogillc.com

Supply Chain Vector
By Daniel L. Gardner

One part theory, one part concrete experience, *Supply Chain Vector* connects the dots between the way you're running your global supply chain and what you're getting out of it. Gardner draws on his 17 years of industry experience to offer advice on adapting your supply chain strategies to advance your company's fiscal gain.

KEY TAKEAWAYS: **Going global or already there? Gardner explains what it takes to be successful internationally, and offers 19 different ways to measure that success.**

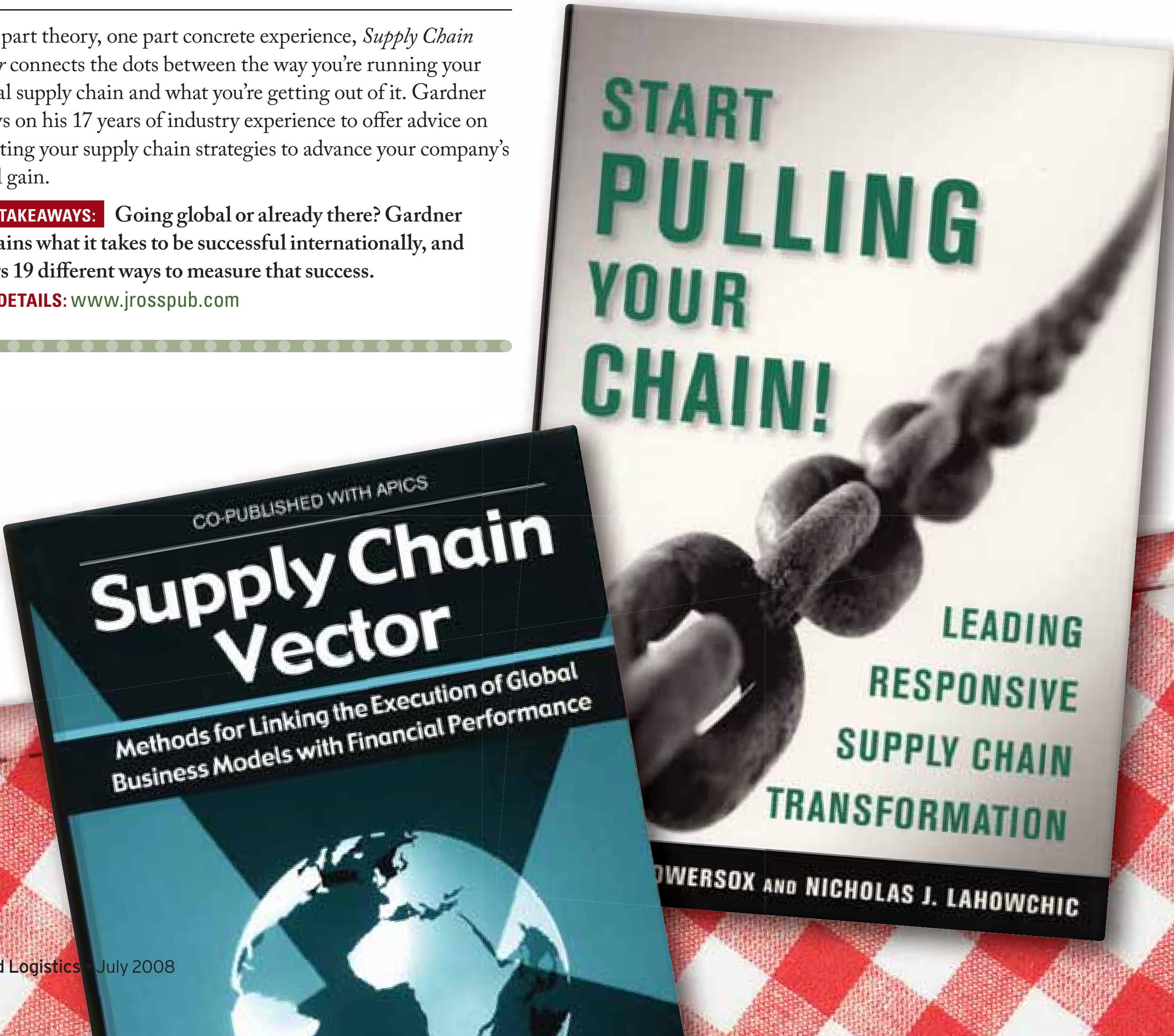
FOR DETAILS: www.jrosspub.com

Integral Warehouse Management
By Jeroen P. Van den Berg

Van den Berg, a Dutch warehousing expert, points to the distribution center as an area where logistics and operations managers can cut costs and still grow their business. The book presents new directions for optimizing distribution center operations, and revisits those proven to work. A warehouse management maturity grid outlines four levels of action your company can take to improve operations.

KEY TAKEAWAYS: **Use the examples and case studies to tighten the logistics cost gap between you and your competitors.**

FOR DETAILS: www.jvdbconsulting.com



Summer Reading Guide

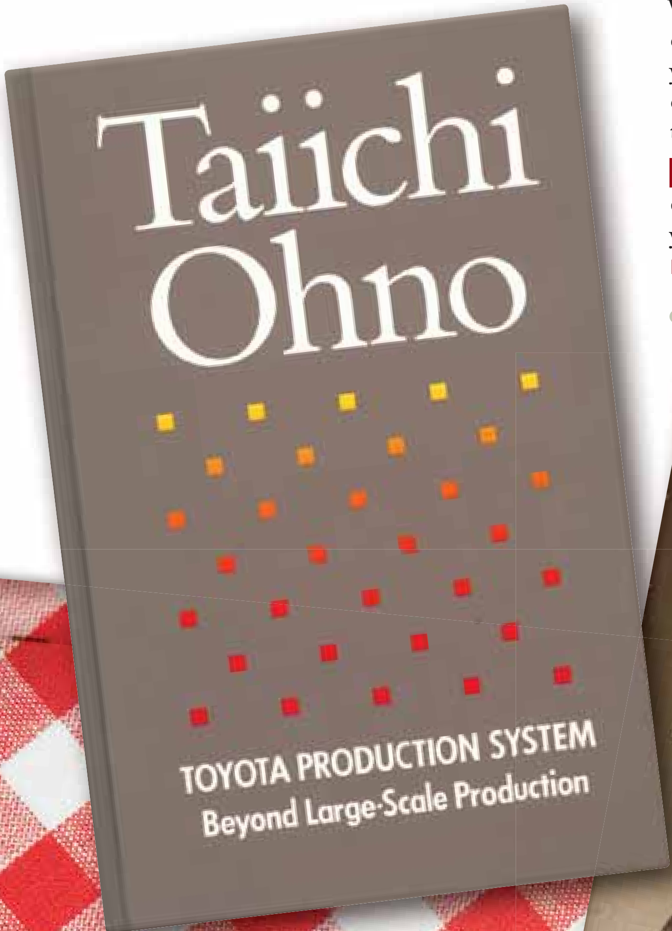
Toyota Production System: Beyond Large-Scale Production

By Taiichi Ohno

An oldie, but a goody. Ohno, the father of lean manufacturing, offers a historical and philosophical education in production in this 1988 book. These translated essays give readers more of a look into Ohno's mind than into Toyota's business secrets. After all, it was his way of thinking that established Toyota as one of the largest automakers in the world.

KEY TAKEAWAYS: The historian in you may enjoy reading about the origins of the Toyota Production System, but Ohno's business insight will interest everyone.

FOR DETAILS: www.productivitypress.com



Today and Tomorrow

By Henry Ford

Here's another history lesson from the automotive industry. Henry Ford's innovative production and transportation ideas are still being applied to big business today. Read about them from the source in this 1926 classic guide, and discover the true roots of lean manufacturing.

KEY TAKEAWAYS: Henry Ford inspired Toyota's Taiichi Ohno. Can he also inspire you?

FOR DETAILS: www.productivitypress.com

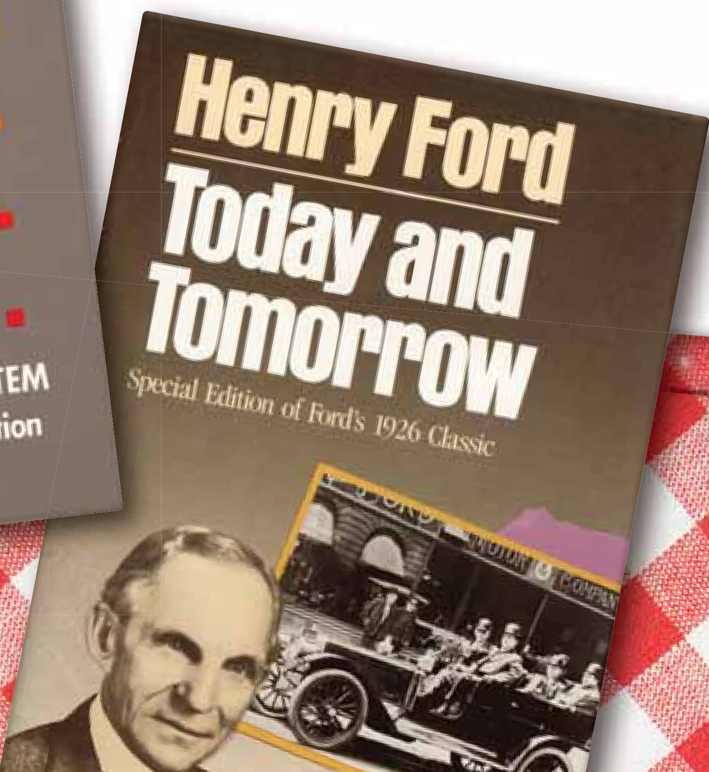
Fundamentals of Warehousing

By Allan Howie

Does the thought of attending night school bum you out? Then grab this materials handling introduction workbook instead. Whether you're new to materials handling, warehousing, and distribution center operations or just brushing up on the basics, you'll find *Fundamentals of Warehousing* a handy resource. It describes the four basic functions of a warehouse and defines terminology you need to know.

KEY TAKEAWAYS: Answer the study questions at the end of each chapter and test how much information you retain. If you're stuck, feel free to contact the author—really.

FOR DETAILS: http://cscmp.org



Summer Reading Guide

Selecting Warehouse Software From WMS & ERP Providers

By Philip Obal

Selecting Warehouse Software helps you choose the best warehouse solution for your company. The genius of this book isn't that it simply recommends the solutions to implement; it compares and contrasts various software solutions and guides you through implementation. The graphics sprinkled throughout the book help explain the concepts.

KEY TAKEAWAYS: Once you're done reading the text, flip to the back of the book. You'll find a directory of various software companies, categorized by solutions offered.

FOR DETAILS: www.idii.com

ExamCram: RFID+

By OTA Training

If you're planning to take your RFID certification exam in the future, you need *ExamCram: RFID+* This book is one of the most popular RFID certification study guides around, and is used in the OTA Training classroom. The guide presents complex information in an easy-to-understand format, so you'll have a boost of confidence when taking the exam. The book also includes plenty of ways to test your knowledge before exam day.

KEY TAKEAWAYS: Besides the 300 prep questions, the book also includes a CD with additional information to help you prepare for the RFID certification exam.

FOR DETAILS: www.otatraining.com

Chain Reaction

By Robert A. Malone

If you're looking for companies to model your supply chain after, Wal-Mart, UPS, DHL, FedEx, Dell, IBM, and IKEA isn't a bad list to start with. Robert Malone, a supply chain visionary and *Inbound Logistics* contributing editor, analyzes those successful companies and what makes their supply chains tick... and thrive. They have a lot more in common than you'd think.

KEY TAKEAWAYS: Don't be intimidated by the size and scope of these companies. You can apply many of their supply chain tactics to your company and reap the benefits.

FOR DETAILS: www.kaptest.com

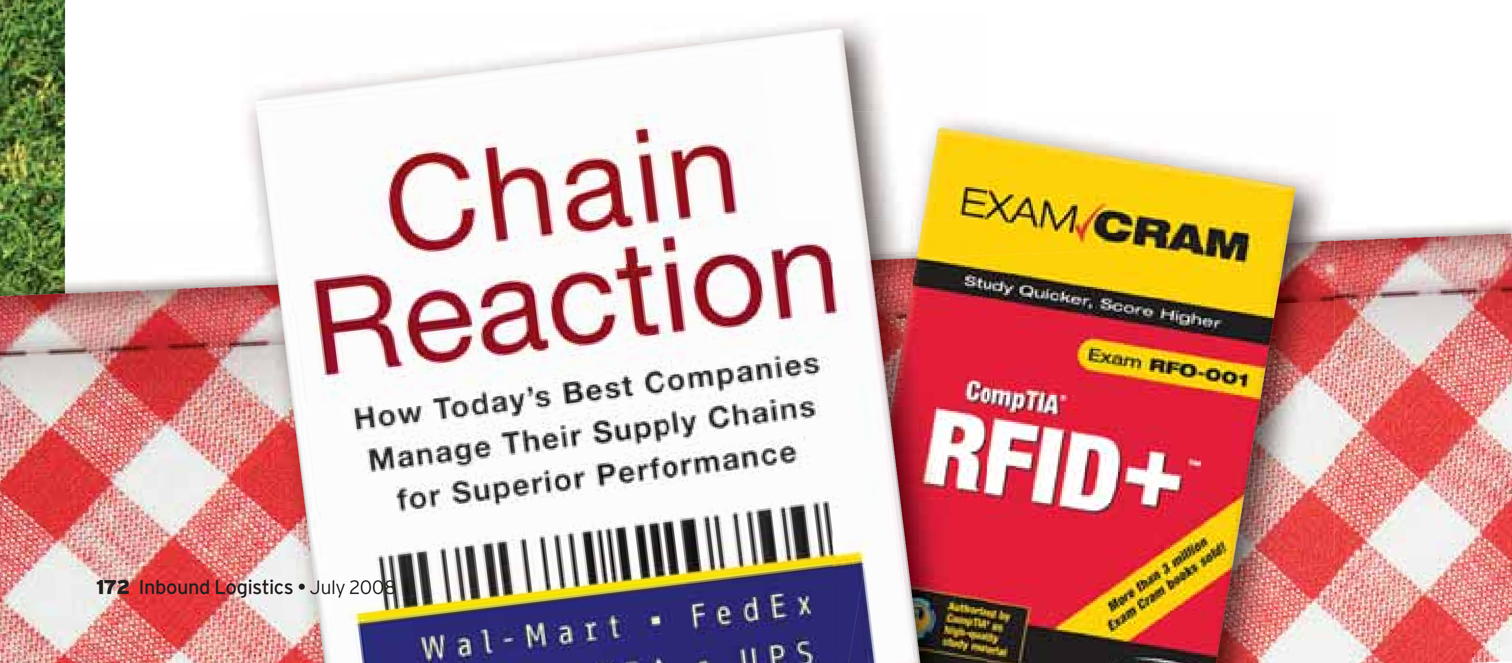
101+ Actions to Improve Transportation and Logistics Performance

By Walter L. Weart, Edward J. Marien, and Lee Cisneros

This guide starts with a step-by-step process to help you determine your most pressing transportation and logistics needs. It then shows you how to address those needs by describing scores of techniques to improve your company's logistics performance. The second edition of this well-received guide includes a new section on how service providers and shippers can reduce their carbon footprint by going green.

KEY TAKEAWAYS: The book offers more than 101 easy-to-implement "action items" to help boost transportation and logistics performance.

FOR DETAILS: www.improvetransportationandlogisticsperformance.com



by Amanda Loudin

Genetic Engineering

DNA technology provider Applied Biosystems spliced planning and training to create a double helix of WMS success.

Modern medicine depends on research conducted in major universities, and many of those universities depend on Applied Biosystems. A California-based DNA technology company, Applied Biosystems produces sophisticated instruments, devices, and products for the scientific, educational, law enforcement, and medical research communities. The company has an installed base of approximately 180,000 instrument systems in nearly 100 countries.

Because it conducts such important work, it's imperative that Applied Biosystems' distribution centers function at the highest level. Recently, the company went live with a complete warehouse solution at its Hayward, Calif.-based DC. The implementation came in on time and within budget, while allowing the company to maintain full warehouse operations.

The new solution streamlines supply chain processes, integrates systems into a single data entry point, and gives the organization complete, real-time visibility into its supply chain. Since going live last winter, Applied Biosystems has seen a dramatic impact on productivity and operational efficiency.

Applied Biosystems' Hayward, site is a 51,000-square-foot facility that handles around 2,500 picks, 800 deliveries, and 1,000 cartons per day. Approximately 46 employees on each shift handle some 12,000 SKUs associated with the service of the company's instruments, new instrument sales, and assay or chemical sales. The products have a range of temperature requirements and some are hazardous. Most have a high value.

TIME FOR AN UPGRADE

For several years, the DC operated with a bolt-on WMS to its SAP system. While the system served its purpose, it was time for an upgrade.

"The older WMS developed infrastructure issues that required us to upgrade and completely change out our system," explains Michael Babcock, business systems manager for Applied Biosystems. "We also wanted to create a standard for our global DCs to use."

The company determined that it needed a new solution. "Our decision was driven by product complexity, the need for leading-edge efficiency and quality, and the ability to quickly train a contingent workforce," says Babcock. "Most vanilla ERP systems would not meet our distribution needs."

Applied Biosystems was already using SAP for its ERP solution, so it seemed logical to select SAP's integrated WMS module.

The company conducted a detailed review of four suppliers before choosing Catalyst International, Milwaukee, Wisc., as its execution partner. "Catalyst was not the least expensive solution, but it was the best fit for our needs," says Babcock.

A big part of the equation in selecting Catalyst was trust. "We worked with Catalyst for several years and are comfortable with its understanding of the technology we use," Babcock says. "Catalyst also asked the right questions in the bidding process, leading us to further trust its ability. We were not disappointed."

CATALYST GETS TO WORK

Once it was selected, Catalyst set to work assessing Applied Biosystems' existing systems and determining what the new solution would look like. "We looked at what worked, what was a challenge, and what needed to change," explains Tim Craigmyle, senior project manager at Catalyst. "For example, the bolt-on WMS Applied Biosystems was using created a time lag so it didn't know what was happening in real time. Integration with its materials handling systems was also important."

Catalyst designed an SAP console and SAP WMS in parallel, involving the technical team and the WMS functional team from the beginning of the blueprint activity. This helped maintain high levels of communication between both teams and eliminate design gaps.

"Productivity usually falls off as a company adapts to its new system. Applied Biosystems not only kept productivity up, but did it on its heaviest shipping day."

–**Tim Craigmyle,** senior project manager, Catalyst

When it was time to implement, the Applied Biosystems and Catalyst teams worked together to achieve a smooth go-live.

Applied Biosystems was "engaged immediately in the implementation process," Craigmyle says. Employees came in on Sunday for one last training session to prepare for a Monday go-live. "Applied Biosystems assigned its top people to the project," he adds, "and that extended through the go-live."

This dedication made it possible for the facility to implement the new system without losing productivity. "It's rare that a company can pull that off," says Craigmyle. "Productivity usually falls off as a company adapts to its new system. Applied Biosystems not only kept productivity up, but did it on its heaviest shipping day."

On the first day, in fact, Applied Biosystems maintained its normal shipping volume of 850 deliveries. A complete removal and reload of inventory in the newly configured warehouse resulted in only one inventory discrepancy.

Within a few weeks of go-live, Applied Biosystems began to accrue benefits. Several steps in the supply chain process–picking, receiving, order entry, and shipping–were streamlined. "We've been able to reduce complexity, trim steps on the floor and in systems, shrink the IT infrastructure footprint, improve processes, and achieve tighter integration with our ERP system," says Babcock.

The integrated system provides Applied Biosystems with one point of entry. After that, information moves automatically from one application to another, ensuring greater production speed and accuracy. It also enables real-time, accurate visibility throughout the supply chain, enhancing business decision-making, demand forecasting, and overall management capabilities.

Concrete improvements include cutting steps to release deliveries for picking; eliminating a third-party system to improve picking response time; reducing the number of steps for processing inventory in receiving; cutting in-house order entry time by half; and improving delivery status visibility to SAP users.

Applied Biosystems' state of readiness ensured a successful launch. "Detail, detail, and more detail during the functional spec and blueprint process is key," Babcock explains. "This is typically difficult because the system isn't 'real' to users yet, but they must be led through a detailed analysis of the SAP WMS. Time spent up front avoids problems later."

Applied Biosystems is looking ahead to cloning the blueprint of the successful Hayward implementation at other DCs around the world.

"This team has proven that when you invest in training and preparation, you can have a successful go-live experience," Craigmyle says. ■

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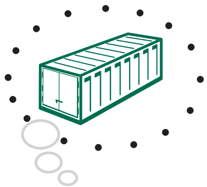

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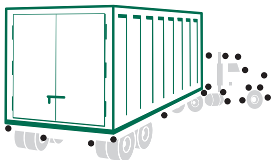
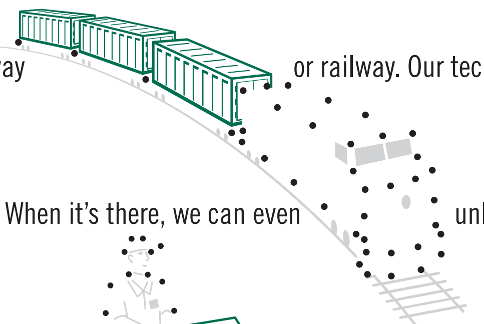
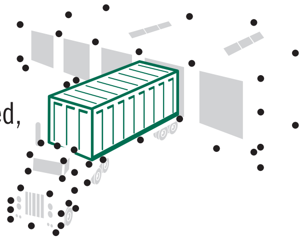
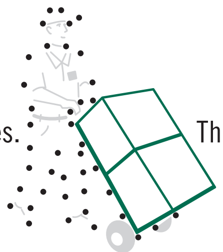
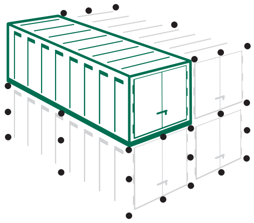
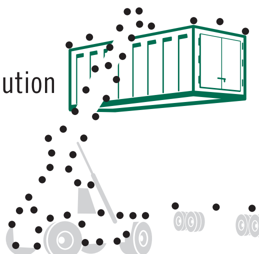
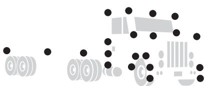
Sure, RoadLink can move your containers from the port to  an inland location. But we can also handle the freight  and then move it regionally to its final destination. One call to RoadLink gets it done, whether it arrives by highway  or railway. Our technology provides you with freight visibility from the port or ramp to the warehouse floor. When it's there, we can even unload it and provide an array of value-added,  freight-handling services.  The logistics expertise of our planning engineers provides our customers with industry-leading analysis, with cost reductions centered around lane optimization  and state-of-the-art technology.

Our solution  offers significant cost savings including lane density analysis to drive out costs of the return trip of  the asset. RoadLink, North America's largest independent intermodal logistics company.

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L.I.T. TOOLKIT

by Merrill Douglas

Revving the Procurement Engine

A high-powered search tool steers Harris Corporation's engineers through immense volumes of data to locate top-value product components.

In the manufacturing supply chain, engineers wield a great deal of power. When an engineer specifies a component for a product, the company usually buys it. From a functional perspective, it's a solid choice. But from a business point of view, is it the best?

Maybe not. A different supplier might have another component that's just as good but less expensive. Or thousands of that alternative part might already be sitting in the manufacturer's warehouse. Maybe the engineer chose a part that the supplier has just stopped making–available now but impossible to find six months down the road. Or the supplier can't deliver for six weeks, while a competitor has inventory ready to ship.

Last year, engineers at Harris Corporation, a communications and information technology equipment manufacturer, gained the integrated view they needed to make more effective procurement decisions. The company worked with Endeca Technologies of Cambridge, Mass., to tailor an information search and navigation solution to its requirements.

At Harris Corporation, based in Melbourne, Fla., engineers who specify components have always had plenty of data available to help them make wise procurement decisions. In the past, though, the problem was how to make that data yield the best possible decisions.

"I had significant investment in managing internal data, but no integrated view," recalls Janice Lindsay, vice president, strategic sourcing at Harris.

Officials at Harris wanted to reduce component inventories and get new products to market faster. They wanted to avoid buying parts that would soon be obsolete. And, naturally, they wanted to save money.

Harris incurs nearly $1.25 billion a year in direct expenses–the cost of goods that it incorporates into products and services. In the past, engineers used a variety of tools to help them choose how to spend that money.

They conducted Google searches, relied on their collective "tribal

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knowledge," and consulted the company's Agile Product Lifecycle Management (PLM) solution from Oracle to see what components they had used in similar products in the past. But there was no systematic way to make those tools serve a single strategy.

"It was a hunt-and-peck system, and engineers had to know a little something before they could even get started," Lindsay says.

There was no guarantee that an engineer would choose a component from one of Harris's preferred suppliers, and no sure way to leverage the company's purchasing power across projects and divisions to gain better pricing. Nor was there any way to guarantee that the chosen part would be available quickly, or that it wouldn't become obsolete.

Enter Endeca's powerful search solution – and the beginning of a new outlook for Harris's engineers.

Harris's engineering search application helps engineers make choices that support the company's supply chain goals. Implementing the solution resulted in cost savings, reduced component obsolescence, and shorter product development cycle times.

LIKE SHOPPING ONLINE

Endeca's solutions help people steer quickly through information from multiple sources to reach the answers they need. One major application for this technology is to help buyers choose products, whether they're engineers at Harris Corp. or consumers shopping on sites such as HomeDepot.com or Walmart.com.

At the heart of any Endeca solution is a set of tools called the Endeca Information Access Platform (IAP), powered by MDEX Engine technology. The IAP processes data from multiple systems – both highly-structured data found in a database or table, and less-structured data found in an e-mail or Word document.

The big difference between Endeca and a simple search engine lies in the way Endeca synthesizes and summarizes the data it finds.

"Endeca's advantage is its ability to provide an integrated view of the data," says John Andrews, director of industry marketing at Endeca.

Google and other traditional search engines are useful for searching the Web, but they don't apply enough criteria to return the results that engineers find most helpful.

For example, suppose a project requires one-inch-long stainless steel bolts with 16 to 18 threads per inch. "Typing 'bolts' into a search box yields one million results," Andrews says. "There's no way for the search engine to know what the user is actually looking for without more specific requirements." Endeca's guided navigation technique quickly narrows the search to find products that meet all the criteria.

One way to get a sense of what Endeca does for engineers is to see what it does for consumers. Go to HomeDepot.com, enter "lighting" in the search box, and the search engine will return more than 4,000 results.

But use the menus to the left of the display to narrow that search by any of several criteria, such as category, price, brand, and "eco-option." Navigate through those and subsequent choices that appear, and you quickly steer a path to, for example, five white ceiling fans and lighting fixtures, designed for small rooms, that cost between $100 and $200.

SEARCHING HIGH AND LOW

When Lindsay and her team started looking into ways to guide engineers toward better procurement decisions, they first considered standardizing on Google or a similar search engine. Engineers appreciate Google because it's fast, Lindsay says, but it isn't precise enough to meet their needs.

Harris chose Endeca after examining several search and navigation solutions. Endeca offered a proof-of-concept demonstration and showed that it could easily merge information from disparate sources into one application.

"Response time was fast and yielded relevant results. We could select custom views – per user or per category," Lindsay recalls. "That feature was unique to Endeca."

Harris signed an agreement with Endeca in 2006 and got the system running in 2007. Endeca already had a product designed to serve manufacturing engineers, but it didn't meet Endeca's needs right out of the box.

"Its basic design was leveragable, but we had to do a lot of custom work," Lindsay says.

Harris has four major divisions, each with its own database of approved manufacturers and enterprise resource planning (ERP) system. All those sources provide information to the data warehouse that Harris and Endeca developed to feed the solution.

Harris's Endeca system also draws data from external sources. One important source is PartMiner, which enriches Harris's own parts data with information on factors such as technical attributes, obsolescence, product lifecycles, and regulatory compliance. Another source is Dun and Bradstreet, which provides insight into suppliers' financial health.

Parts distributors share information on what products are in stock and how soon they can ship. Harris's contract manufacturers also contribute information.

"They enrich our data with the components that they're buying, so I can leverage their spend and my spend," Lindsay says.

Harris's engineers had an easy time learning the Endeca system, but adjusting to the cultural changes the system created was another matter.

"Procurement doesn't usually tell engineering where to go for sourcing information," Lindsay says.

To get engineers used to considering supply chain requirements, the procurement department developed case studies that showed how Endeca supports more effective decisions. Harris also introduced a policy requiring that before the company releases a new product, the engineer responsible has to evaluate the bill of materials.

"They have to show they're not requiring obsolete products," Lindsay says. "Eighty percent of the parts have to come from preferred partners. If RoHS [restriction of the use of certain hazardous substances] is an issue, the part has to be RoHS-compliant." Using Endeca to procure parts helps engineers meet those mandates.

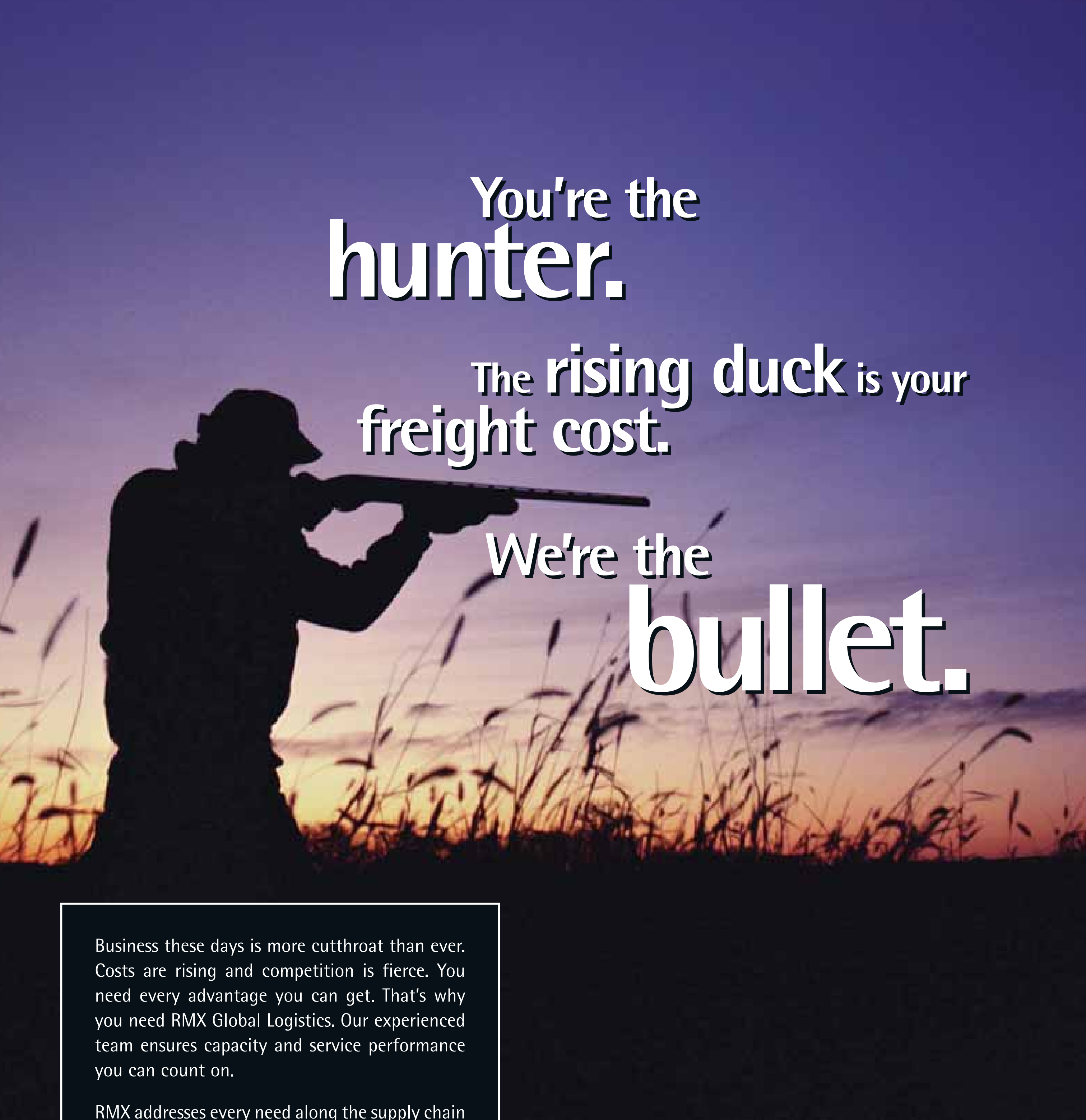
To make the solution even easier to use, Harris and Endeca currently are developing interfaces between that system and the software packages engineers use to design products.

Harris implemented Endeca as part of a larger program to transform its supply chain. The software is helping engineers make choices that support the goals of that initiative.

They no longer have to guess which of 10 components that fit the need on technical grounds is the least expensive.

Also, thanks to Endeca, Harris is reducing component obsolescence and shortening product development cycle times.

"While the Endeca search capability is just one piece of the pie," Lindsay says, "it's the linchpin to our entire supply chain transformation." ■


You're the
hunter.
The rising duck is your
freight cost.
We're the
bullet.

TECHUPDATE

THE LATEST | IN LOGISTICS TECHNOLOGY

Datamax

WHAT'S NEW: The Compact4 printer series.
THE VALUE: The Compact4 series features a compact footprint, easy-to-use controls, and a rugged hardshell metal exterior. The mobile Compact4 model offers versatile mounting configurations and a vibration/shock isolation system for use in warehouses, factories, mobile stations, and forklifts.

www.datamaxcorp.com
407-578-8007

software

CargoSmart

WHAT'S NEW: The release of two products, *Exception Management* and *Milestone Assignments*.
THE VALUE: *Exception Management* detects exceptions to scheduled shipment plans and alerts shippers about key events so that they can quickly adjust their logistics arrangements. *Milestone Assignments* lets shippers assign shipment-related tasks to their supply chain associates, who can then update the status of the tasks in CargoSmart.

www.cargosmart.com 877-541-6625

NetSuite Inc.

WHAT'S NEW: A vertical business management software suite for manufacturing companies.
THE VALUE: *NetSuite for Manufacturers* provides companies with visibility into key build processes. Features include assembly management, work orders, bill of materials, and demand-based inventory replenishment.

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To learn more, contact these companies directly. Remember to mention this issue date and page to get the right information.

Manufacturers can set re-order points and preferred stock levels for assembly components and finished goods based on factors such as average lead time, historical or seasonal sales demand, and number of days from supply to stock.

www.netsuite.com
650-627-1000

SmartTurn

WHAT'S NEW: A Software-as-a-Service (SaaS) global inventory collaboration platform.
THE VALUE: The *SmartTurn Inventory Grid* connects trading partners and provides logistics planning capabilities such as permission-based inventory visibility, adaptive fulfillment, exceptions management, and multi-warehouse inventory planning and distribution.

www.smartturn.com
888-667-4758

Cleo Communications

WHAT'S NEW: Enhancements to the *VersaLex Trader* trading partner management solution.
THE VALUE: New features help trading networks coordinate the initial network launch and day-to-day management of file transfers, manage multiple trading partners and group them according to their roles, and provide a soft-branded client package to trading partners.

www.cleo.com 800-233-2536

Honeywell

WHAT'S NEW: The industrial-grade Dolphin 9900 mobile computer.
THE VALUE: The Dolphin 9900 combines data collection, communication, and location-based technologies with an ergonomic and durable design. Its backwards compatibility allows users of the Dolphin 9500 to migrate to the next-generation model with their legacy infrastructure–accessories, batteries and device peripherals–in place, creating the potential for significant cost savings.

www.honeywell.com 800-582-4263

StarTrak Systems

WHAT'S NEW: A fuel usage data service feature for the *ReeferTrak Sentry* refrigerated trailer monitoring system.
THE VALUE: StarTrak's new fuel data service provides fleet operators tools to monitor and control three potentially costly fuel-related events: fuel theft, short fuel delivery, and accurate assessorial fuel usage.

www.startrak.com 973-993-1760

Foxfire

WHAT'S NEW: The launch of the *WMS Express* warehouse management system.
THE VALUE: Designed for small and mid-sized warehouses, *WMS Express* gives users access to receiving, putaway, inventory management, physical inventory, cycle counting, picking, packing, and shipping functions. The application is preconfigured based on industry standards for quick deployment, and is expandable as warehouse needs change.

www.foxfiresoftware.com
864-868-5243

Dematic

WHAT'S NEW: The latest version of the *Director IT* warehouse control system suite.
THE VALUE: Dematic's *Director IT* suite for managing and optimizing material and information flow in the warehouse, production, or distribution center integrates conveying, sorting, automatic storage and retrieval, and voice- and lights-based picking functions.

www.dematic.com 877-725-7500

Prophesy

WHAT'S NEW: A Web-based load-building solution.
THE VALUE: *LoadBuilder*'s real-time order consolidation and load optimization tools help maximize resource use and vehicle service. The application integrates with Prophesy's *Dispatch* fleet management solution and third-party dispatch and order-entry systems.

www.mile.com 800-776-6706

Infor

WHAT'S NEW: A warehouse management solution for small to mid-sized businesses.
THE VALUE: Designed for rapid implementation, *Infor SCM Warehouse Management Business Edition* provides built-in best practices for key warehouse functions such as putaway and

TECHUPDATE

CONTINUED FROM PAGE 182

allocation strategies, location definitions, and area/zone definitions. Users can add advanced functionality, such as RFID, billing, and labor forecasting, to support their continued growth and evolving business objectives.

www.infor.com ✆ 678-319-8000

RedPrairie

WHAT'S NEW: Enhanced inventory management tools in the *E2e* supply chain execution solution.

THE VALUE: The new release's functions facilitate managing inventory belonging to multiple clients within a single facility; setting general and over-receipt tolerances for inventory receiving; and recording and billing inventory transfers between owners.

www.redprairie.com ✆ 877-733-7724

International Freight and Logistics Network

WHAT'S NEW: The *Value Added Logistics (VAL) Management* system.

THE VALUE: *VAL Management* supply chain services encompass comprehensive RFQ and tender management, operational cost processing and control, centralized logistics expediting and planning, inventory administration across remote locations, and global tracking and KPI reporting.

www.ifln.net ✆ 281-312-1250

Telogis

WHAT'S NEW: An update to the *OnTrack* GPS fleet tracking application.

THE VALUE: *OnTrack 6* features advanced PDF and Excel reporting, updated maps, and the integration of live messaging. The SaaS application also brings an enhanced user interface designed to make the application more intuitive.

www.telogis.com ✆ 866-835-6447

web

Lynden International

WHAT'S NEW: The addition of customizing capability to its Web-based reporting system.

THE VALUE: The EZ Reporting component of Lynden's free EZ Commerce Center offers drop-down menus from which shippers can select the information they want to compile. The reports can be saved, emailed, scheduled to be sent by date and time, or downloaded for quick viewing.

www.lynden.com ✆ 888-596-3361

Old Dominion Freight Line

WHAT'S NEW: A Web-based shipment tracker.

THE VALUE: The Shipping Dashboard allows registered shippers to monitor the status of recent shipments. It provides inbound, outbound, and delivered shipment activity from the last three to 14 days.

www.odfl.com ✆ 800-432-6335

Canadian National Railway Company

WHAT'S NEW: A greenhouse gas emissions calculator.

THE VALUE: The calculator allows shippers to measure emissions savings for shipments using CN versus truck. Select imperial or metric units, enter the distance and weight for the shipment, and click "calculate" to get the results.

www.cn.ca ✆ 888-668-4626

California Logistics – Workforce/Employer/Services/Training (CaL-WEST)

WHAT'S NEW: A job-match Web site.

THE VALUE: The site offers information about careers in logistics; an online assessment in which employers can view job seeker essays to determine whether to interview an applicant; and listings of logistics jobs offered by 3PLs and recruiters.

www.cal-westjobs.com ✆ 310-434-3311

UPS

WHAT'S NEW: Paperless invoice and returns solutions.

THE VALUE: The UPS Paperless Invoice system electronically transmits order processing, shipment preparation, and

TECHUPDATE

THE LATEST IN LOGISTICS TECHNOLOGY

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To learn more, contact these companies directly. Remember to mention this issue date and page to get the right information.

commercial invoice data to customs offices, eliminating the need for paper documentation. In addition to saving paper and printing supplies, shippers reduce their chances of making manual errors in documentation and submitting incomplete paperwork. The UPS Returns system allows shippers to provide customers with international return labels and commercial invoices via email, reducing the time required to process returns and simplifying the procedure.

www.ups.com ✆ 800-742-5877

CHEP Equipment Pooling Systems

WHAT'S NEW: A Web site showing the impact of shipping platform choices on the environment and supply chain.

THE VALUE: The site allows companies to easily calculate how much solid waste is eliminated, as well as the amount of greenhouse gas emissions and energy consumption lowered, by using the CHEP pallet pool as compared to other shipping platforms. The site also shows how shipping platform selection affects transportation and procurement costs, product damage, and product handling productivity.

www.chep.com ✆ 888-243-7111

hardware

LXE Inc.

WHAT'S NEW: A Canadian service center.

THE VALUE: Located in Ottawa, the 105,000-square-foot Canadian Service Center repairs LXE's wireless handheld, hands-free, and vehicle-mount computers, promising a two-day turnaround for computers, three days for terminals, and five days for peripherals.

www.lxe.com ✆ 770-447-4224

Citizen

WHAT'S NEW: Extended warranty coverage for printers.

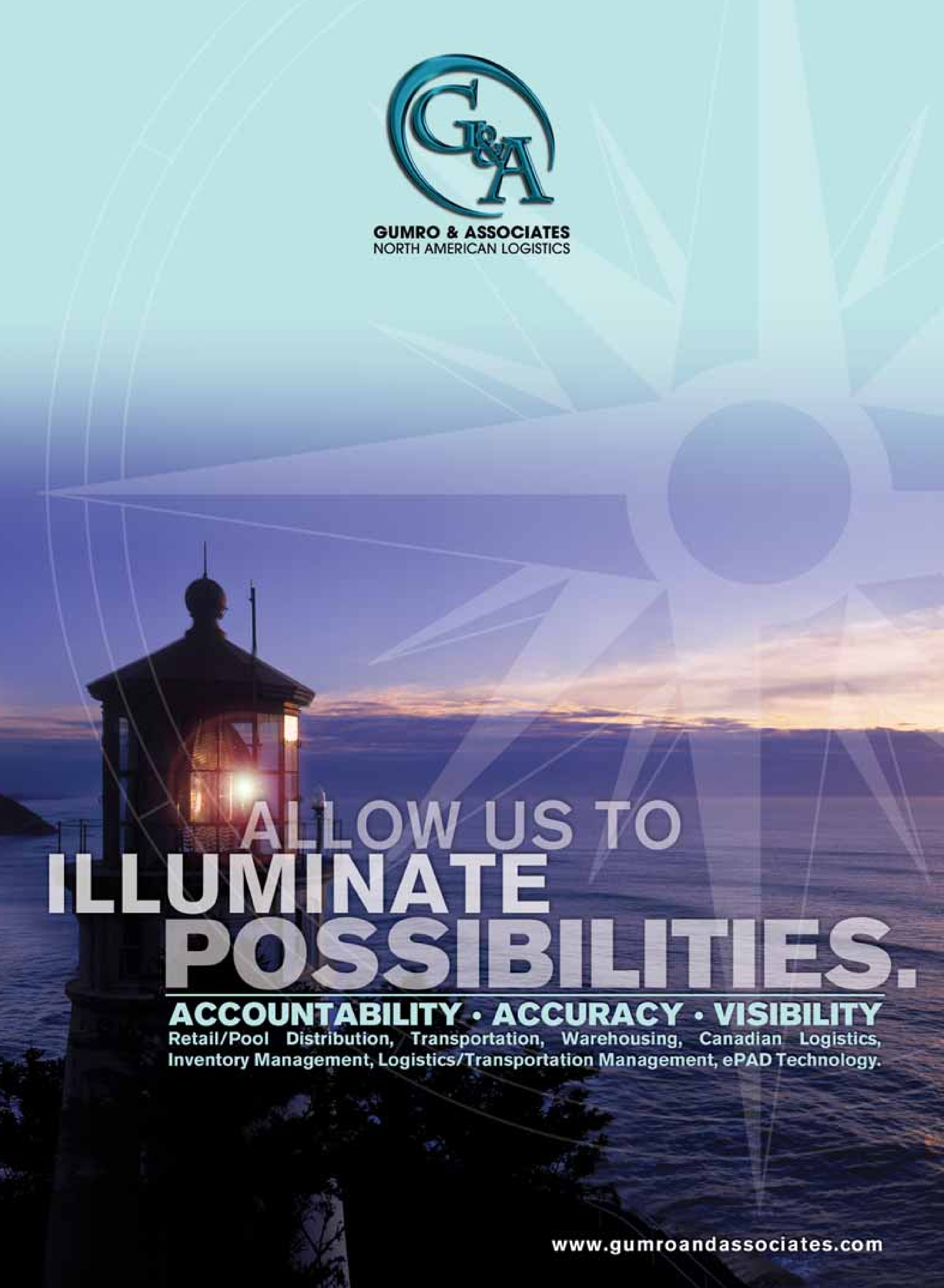
THE VALUE: Industrial impact printers come with a three-year warranty, and bar-code label printers come with a two-year warranty.

www.citizen-systems.com ✆ 310-781-1460

Pepperl+Fuchs

WHAT'S NEW: The VB6-240 bar-code scanner.

THE VALUE: A .75-inch x 1-inch x 1.5-inch footprint makes the VB6-240 one of the smallest scanners available. It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www.gumroandassociates.com

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operates at a speed up to 1,200 scans per second to increase productivity by up to 30 percent when compared with competitive scanners.

www.pepperl-fuchs.com ✆ 330-486-0001

partnerships

Next Generation Logistics Inc. and Microsoft

WHAT'S NEW: The integration of Next Generation Logistics' *FreightMaster TMS* transportation management suite and the *Microsoft Dynamics AX* enterprise resource planning solution.

THE VALUE: Integration with *Microsoft Dynamics AX* provides *FreightMaster TMS* users greater visibility and tools to manage their logistics operations while exchanging and managing supply chain data.

www.nextgeneration.com ✆ 847-963-0007

Tharo

WHAT'S NEW: An applicator accessory for label printers.

THE VALUE: The Tharo PA1200t Label Printer/Applicator attaches to Zebra Z4Mplus and Datamax I-Class thermal/thermal transfer bar-code label printers, bringing applicator functionality to the printers. Configurable as automatic or semi-automatic, the PA1200t can apply up to 40 labels per minute and accomodates labels ranging in size from 3 inches x 1 inch to 4 inches x 6.5 inches.

www.tharo.com
✆ 800-878-6833

Checkpoint Systems Inc. and OATSystems Inc.

WHAT'S NEW: Checkpoint Systems Inc.'s acquisition of OATSystems Inc.

THE VALUE: Checkpoint and OATSystems offer complementary merchandise protection and inventory management applications. Together, Checkpoint and OATSystems provide solutions that enable retailers and their supply chains to gain deeper inventory visibility, reducing shrink and increasing bottom-line profits by enhancing on-shelf merchandise availability for consumers.

www.checkpointsystems.com
✆ 800-257-5540

XATA and Systems Application Engineering (SAE)

WHAT'S NEW: SAE proof-of-delivery (POD) functionality added to *XATANET* on-demand fleet operations software.

THE VALUE: *XATANET* collects delivery and inventory data electronically to reduce paperwork errors and automatically record changes so that users receive faster, more accurate information. POD functionality also allows drivers to obtain proof-of-delivery signatures, validate orders at delivery, and record inventory status electronically, reducing the need for manual recordkeeping.

www.xata.com ✆ 800-745-9282
www.saesystems.com ✆ 713-783-6020

GT Nexus and Integration Point

WHAT'S NEW: A partnership to provide a range of global trade and logistics solutions.

THE VALUE: The combination of the GT Nexus trade and logistics portal with Integration Point's global trade management system gives global trade partners on-demand access to supply chain information on a single platform.

www.gtnexus.com ✆ 510-808-2222
www.integrationpoint.net ✆ 704-576-3678

rfid/wireless

Fluensee

WHAT'S NEW: The opening of an office in Ontario, Calif.

THE VALUE: The addition of a West Coast office provides Colorado-based Fluensee with space for an RFID lab in which shippers can see AssetTrack and Yard applications in use.

www.fluensee.com ✆ 909-230-4910

NEWSERVICES

YOUR BUSINESS LOGISTICS RESOURCE

BNSF Railway

WHAT'S NEW: The addition of 67 GenSet low-horsepower switch locomotives.

THE VALUE: The GenSet locomotive uses three engines that operate only as needed, potentially reducing nitrogen oxide and particulate matter emissions by 80 to 90 percent and improving fuel efficiency by 15 percent over standard switch engines. The trains serve the Dallas/Fort Worth and Houston areas.

www.bnsf.com

800-795-2673

Evergreen Line

WHAT'S NEW: The launch of regional service to central Adriatic and Balkan ports.

THE VALUE: The Adriatic Feeder Service enhances the existing intra-Mediterranean feeder network with a hub in Taranto, Italy.

www.evergreen-line.com

FKI Logistex

WHAT'S NEW: Sorters with updated diagnostic and energy-saving features.

THE VALUE: The UniSort sliding shoe and linear belt sorters' controls provide automated calibration, monitoring, and diagnostic testing to effectively manage sortation systems, simplify maintenance procedures, and reduce energy consumption.

www.fkilogistex.com 877-935-4564

Lynden International

WHAT'S NEW: The expansion of the Chicago office.

THE VALUE: A 15,000-square-foot building upgrade serves as the home to Lynden's Midwest regional team. The combined building allows Lynden to store larger freight quantities and strip

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and build its own ocean containers at local and regional facilities.

www.lynden.com ✆ 888-596-3361

Agility

WHAT'S NEW: The acquisition of Cosa Freight.

THE VALUE: Cosa Freight's Trans-Pacific trade presence includes offices in six locations in China and a staff of more than 200. The acquisition strengthens Agility's network capability in China and increases its range of services, including origin consolidation/upstream inventory management programs.

www.agilitylogistics.com ✆ 714-513-3000

The Grand Alliance (GA) and The New World Alliance (TNWA)

WHAT'S NEW: Joint service from Asia to the Black Sea.

THE VALUE: Shippers have weekly service with a common port. GA member lines operate five vessels; TNWA members operate three vessels. The capacity for the eight ships is about 5,000 TEUs.

www.oocl.com ✆ 888-388-OOCL

Magellan Transport Logistics

WHAT'S NEW: The addition of two branches.

THE VALUE: Magellan's branches in Raleigh, N.C., and Springfield, Mo., enhance its ability to provide freight service and supply chain management to the local/regional area.

www.magellanlogistics.com
✆ 724-772-9800

FedEx

WHAT'S NEW: The expansion of truckload brokerage service to Canada.

THE VALUE: The addition of Canadian coverage allows U.S. shippers to send truckload shipments to select provinces, including Ontario, Quebec, British Columbia, and Alberta.

www.fedex.com ✆ 888-444-5940

COSCO Container Lines

WHAT'S NEW: The addition of a call at Prince Rupert, Canada, from Hong Kong.

THE VALUE: COSCO's North China/U.S. Southwest Coast Express Service (CEN) stop at Prince Rupert shortens transit times and provides access to rail via the Canadian National Railway Company for transfers to the inland United States and Canada. COSCO will upgrade its CEN vessels from 5,400 to 7,500 TEUs.

www.cosco-usa.com ✆ 201-422-0500

Kalmar Industries

WHAT'S NEW: A low-built forklift model.

THE VALUE: The Kalmar DCE80-6LB features a new electrical system and new drive line, using a six cylinder

Pelican Products

WHAT'S NEW: An environmentally sustainable lighting products division.

THE VALUE: The Advanced Area Lighting Group (AALG), formed through the acquisition of Blue i UK Ltd., a European developer of next-generation remote area lighting technology, will develop commercial LED lighting products for large areas such as warehouses and loading docks. The division's first product is a battery-powered portable area lighting system that provides 15 hours of continuous light and approximately 50,000 hours of LED lifespan.

www.pelican.com
✆ 800-473-5422

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engine that meets the latest environmental requirements. Kalmar designed the forklift to fit in standard-height containers, and it is available with two lifting heights. The duplex model can lift to six-and-a-half feet, and the triplex model can lift to 10 feet.

www.kalmarind.com 609-860-0224

NLM Inc.

WHAT'S NEW: Intra-Mexico shipment management services.
THE VALUE: NLM manages time-sensitive ground freight originating and ending within Mexico, and rounds out its existing cross-border services, including its thru-service, air freight, and border consolidation offerings. The new intra-Mexico service provides shippers door-to-door visibility of their shipments and report continuity, which allows them to closely monitor transportation spend.

www.nlmi.com 866-656-4266

Yellow Transportation

WHAT'S NEW: The enhancement of Definite Delivery Window service.
THE VALUE: The ability to define the

Jergens Inc.

WHAT'S NEW: Quick release lifting pins.
THE VALUE: Combining lifting hardware and quick release pins, Kwik-Lok stainless steel lifting pins provide quick-change connections for materials handling applications. The pins, available in a range of sizes, can lift 400 to 1,400 pounds.

www.jergensinc.com 800-537-4367

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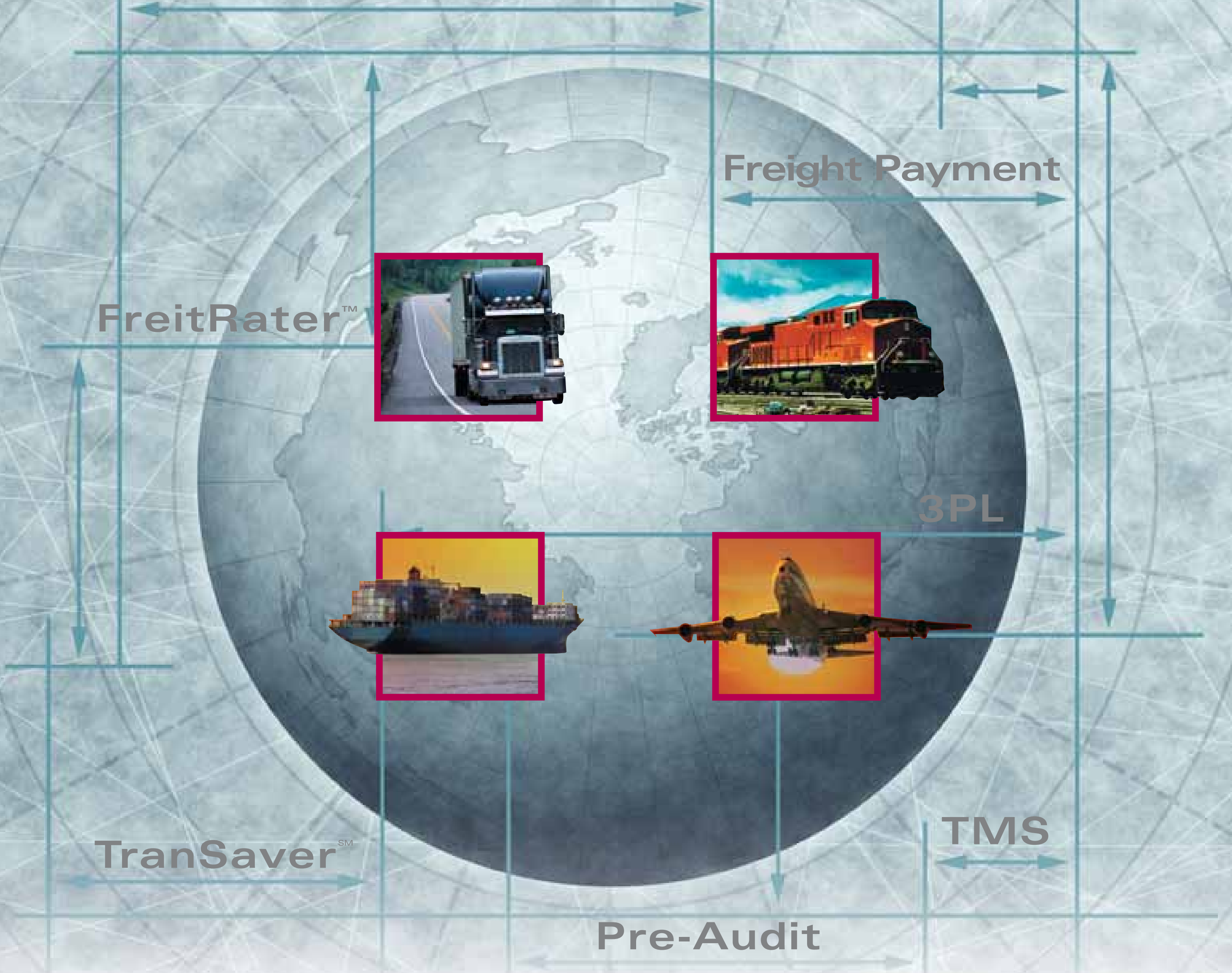

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CAT Lift Trucks

WHAT'S NEW: A diesel pneumatic tire lift truck.

THE VALUE: The P17500 - P36000 series handles six capacities ranging from 17,500 to 36,000 pounds. New features include a hydraulic fingertip control system. The trucks are powered by turbocharged diesel engines equipped with a common rail fuel delivery system for even and high-pressure fuel delivery to all six cylinders.

www.cat-lift.com 800-CAT-LIFT

level of delivery precision helps retailers and vendors work more efficiently and provides greater accuracy within their supply chains.

www.myyellow.com 913-344-3000

American Airlines Cargo

WHAT'S NEW: Cargo service to Moscow, Russia, from Chicago.

THE VALUE: The six-day-a-week, non-stop service from O'Hare International Airport to Domodedovo International Airport helps shippers meet Russian demand for U.S. commodities.

www.aacargo.com 800-227-4622

Lufthansa Cargo

WHAT'S NEW: A cargo service center at the Frankfurt Airport.

THE VALUE: With warehouse capacity of about 215,000 square feet and more than 86,000 square feet of office space, the handling facility, scheduled to open in autumn 2009, will handle mail shipments from medium-sized forwarders and partner airlines. The service center will also accommodate the air carrier's German and European sales organizations, previously housed in Kelsterbach.

www.lufthansa-cargo.com 800-542-2746

Innovative Picking Technologies Inc. (IPTI)

WHAT'S NEW: A low-cost A-frame picking system.

THE VALUE: With multiple, adjustable dispensers that hold vertical stacks of product, IPTI's Pick-MAX Auto is suitable for high-volume picking applications for a variety of product sizes. System controls direct the dispensers based on the RFID-tagged order totes that pass beneath them. Each pick is confirmed via integrated sensors.

www.ipti.net 262-244-7337

ExpressCube

WHAT'S NEW: A dimensioning and weighing system.

THE VALUE: The turnkey Featherweight Gold-M cubing, weighing, and slotting workstation can interface in real-time with most WMS systems. Its rechargeable battery power source can operate for 12 hours, and it has no lasers or moving parts, making it suitable for mobile applications.

www.expresscube.com 877-428-2348

KX Logistics

WHAT'S NEW: The opening of a refrigerated food warehouse in Beijing.

THE VALUE: One of the largest refrigerated food warehouses in the People's Republic of China, the 40,000-square-foot facility holds up to 12,000 tons of food at temperatures as low as -18.4 degrees Fahrenheit.

www.kx-logistics.com

Concert Group Logistics (CGL)

WHAT'S NEW: The opening of a facility in Greensboro, N.C.

THE VALUE: CGL's Greensboro station provides transportation logistics service, including warehousing and freight forwarding. It contracts with more than 500 different truck carriers, which are linked by GPS so CGL can meet shipper needs even when one of its own trucks is not in the area.

www.cglship.com 866-245-7447

WOW Logistics

WHAT'S NEW: Expansion of its Jerome, Idaho, distribution center.

THE VALUE: The $4.5-million expansion adds 127,000 square feet of public warehousing space, bringing the total facility to 434,000 square feet, including more than 350,000 square feet for ambient temperature storage and 82,500 square feet of fully racked refrigerated space. The addition uses 24-foot diameter industrial ceiling fans to improve energy efficiency year round.

www.wowlogistics.com 800-236-3565

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Intermarine

WHAT'S NEW: The addition of eight new ships to Industrial Maritime Carriers' fleet.

THE VALUE: Four of the ships, which will begin service in late 2008, will have a cargo carrying capacity of 10,000 DWT. The ships will feature dual, combinable 250-ton cranes. The other four ships, to be delivered in 2010, will be 12,000 DWT vessels with dual 400-ton cranes combinable for 800 ton lifts.

www.intermarineusa.com ✆ 504-529-2100

Port of Huntsville, Ala.

WHAT'S NEW: Expanded air cargo facilities.

THE VALUE: Slated to open in February, 2009, the new 92,000-square-foot air cargo facility at the International Intermodal Center will offer significant office and warehouse space.

www.hsvairport.org ✆ 256-772-9395

InterChez Logistics Systems

WHAT'S NEW: The launch of a global freight forwarding logistics service.

THE VALUE: InterChez's Global Services division offers mid-market shippers multi-mode global transportation management and freight forwarding.

www.interchez.com ✆ 330-923-5080

Old Dominion Freight Line

WHAT'S NEW: A service center in Pocatello, Idaho.

THE VALUE: Located on a half-acre site, the four-door Pocatello Service Center enhances the offerings of the Idaho Falls terminal, providing earlier morning service and later pick-up service.

www.odfl.com ✆ 800-432-6335

SEKO

WHAT'S NEW: A facility in Qatar.

THE VALUE: Located near Doha's airport and seaport, the office provides import and export trade services.

www.sekoworldwide.com ✆ 800-228-2711

Virgin Atlantic Cargo

WHAT'S NEW: Service between London Heathrow and Hong Kong increased from daily to twice a day.

THE VALUE: Beginning in December 2008, the second service will add more than 11,000 tons of capacity a year.

www.virgin-atlantic.com ✆ 516-775-2600

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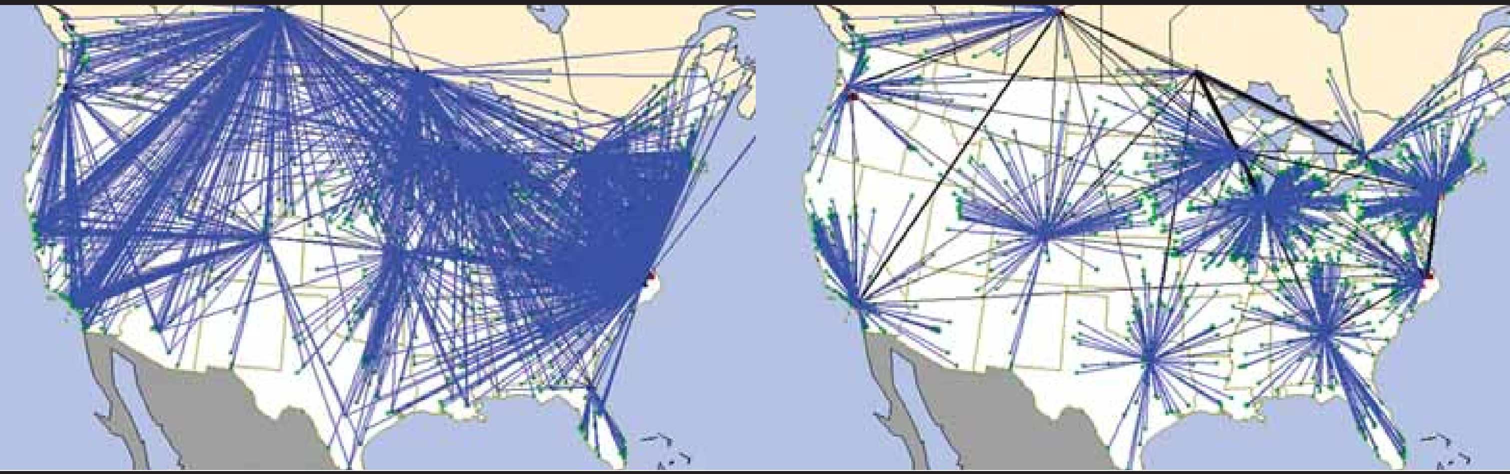
Attend one of our free webcasts to learn why ILOG Supply Chain Applications and the LogicTools Suite help companies make better decisions faster. www.supplychain.ilog.com



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- **Create transportation plans that balance cost and service in complex freight networks**
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AN INBOUND LOGISTICS MAGAZINE "TOP 100 3PL"

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.

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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**

ChemLogix

TITLE: ***The Time Has Come – Visibility Into the Transportation Process***

LENGTH: *4 pages*

DOWNLOAD: *www.chemlogix.com/c3plus/thought-leadership/page.aspx*

SUMMARY: ChemLogix describes the benefits of newest generation transportation management systems in this whitepaper. While original TMS applications featured powerful, complex optimization engines to derive lowest-cost transportation solutions, they involved working with cumbersome and labor-intensive algorithms and often did not address other important transportation activities. Newer TMS solutions offer technology-based capabilities that address shippers' needs for shipment visibility, proactive notification of potential customer service issues, robust cost and service reporting, and better control over the freight management process. To learn more, download this whitepaper.

Saddle Creek Corporation

TITLE: ***2008 Cross-Docking Trends Report***

LENGTH: *24 pages*

DOWNLOAD: *www.saddlecrk.com/whitepaper*

SUMMARY: This extensive whitepaper identifies common cross-docking practices, challenges, and emerging trends within the U.S. logistics segment, based on Saddle Creek's industry research. Among the highlights: Companies are increasingly incorporating cross-docking into their supply chain strategies and are considering cross-docking more of their total SKU throughput. A broader range of products is also being cross-docked. In addition, more companies are outsourcing their cross-docking strategies to third-party logistics providers to help manage the process. This whitepaper provides more valuable insight into cross-docking.

The Middle East is in the early stages of diversification; the financial sector, real estate, and infrastructure projects are the driving forces. Find out more in this NAI Global whitepaper.

NAI Global

TITLE: ***Emerging Market Spotlight: Stuck (Happily) in the Middle (East) With...Money!***

LENGTH: *8 pages*

DOWNLOAD: *www.naiglobal.com (under Publications, Articles & White Papers)*

SUMMARY: Here's a new perspective on the emerging commercial real estate market in the Middle East. In this whitepaper, Dr. Peter Linneman, PhD, NAI Global's chief economist, provides in-depth analysis on the region's strengths and weaknesses, short- and long-term opportunities, and the impact of the global economy on this rising market. Dr. Linneman reviews GDP growth trends for the region and oil's impact on local economies, and provides deep market analysis for Saudi Arabia and Dubai—two of the fastest-growing areas in the Middle East.

QC Software

TITLE: ***Warehouse Control System: Orchestrating Warehouse Efficiency***

LENGTH: *11 pages*

DOWNLOAD: *www.qcsoftware.com/qcWhitePaper.html*

SUMMARY: A Warehouse Control System (WCS) is an essential component of running an efficient warehouse or distribution center. The WCS acts as the conductor of your warehouse orchestra, ensuring the individual pieces of materials handling equipment perform with harmony, precision, and efficiency. If you are charged with doing more with less, and reducing costs year-over-year while improving productivity, throughput, and customer satisfaction, a WCS can be a cost-effective solution. This whitepaper addresses the following topics: Business challenges facing warehouse managers today, the role of the WCS, the fundamental differences between a WMS and WCS, how a WCS can complement existing ERP/WMS, benefits of a WCS, alternatives to a WCS, and what to look for in a WCS supplier.

Kane is Able

TITLE: ***CPG Logistics: Five Strategies to Help Mid-Sized Manufacturers Compete and Win***

LENGTH: *4 pages*

DOWNLOAD: *www.kaneisable.com/CPGWhitepaper*

SUMMARY: Consumer packaged goods (CPG) companies are getting squeezed. On one side, retail customers want product for less, with better service. At the same time, they face internal pressure to reduce inventory and distribution costs. The dilemma is particularly vexing for mid-sized CPG companies that lack the resources, systems capabilities, and freight volumes larger competitors use to drive continuous cost and service improvements. One solution could be working with a third-party logistics provider that understands the CPG supply chain. The right 3PL partner can help small firms generate big savings without major capital investments. This whitepaper outlines five ways mid-sized companies can leverage a 3PL to compete and win in the CPG market.

WhitePaperDigest

Tompkins Associates and Tech Conveyor Inc.

TITLE: ***What's So Special About Direct to Consumer Distribution Center Implementations?***
LENGTH: *17 pages*
DOWNLOAD: *www.tompkinsinc.com/strategy/dtc.pdf*
SUMMARY: In this whitepaper, authors Bill Vincent and Tom Singer of Tompkins Associates and Ted Peyrek of Tech Conveyor Inc., outline common missteps that companies make when building a Consumer Direct DC. Leading with technology while ignoring other key factors, for example, can have disastrous results. Most failures can be traced back to selecting a vendor or technology too early in the design process. The whitepaper outlines the most successful approach for initial success and future flexibility: following a classic and rigorous "systems engineering" approach while keeping the broad picture in mind.

Infor

TITLE: ***Do More with Less: The Five Strategies Used by Successful SMB Manufacturers***
LENGTH: *11 pages*
DOWNLOAD: *www.infor.com/?view=Resource+Library*
SUMMARY: Many business drivers put added pressure on manufacturers to do more business with less overhead and cost. Developing a strategy to position your company to be able to work more efficiently, and integrate horizontally across the supply chain – as well as centrally from hub applications that link critical information repositories to all departments – can quickly pay dividends. Taking the time to make your next planning process a more complete review of the business from all aspects, and not just an update to the operating plan and budget, might enable you to set even higher revenue goals. Whether it is to find a way to drive incremental profits from the existing level of business, or to increase revenue for a dramatic increase in profit, you can achieve it. This Infor whitepaper shows you how.

In this Purolator USA whitepaper, you'll discover the factors creating unprecedented opportunities for U.S. companies with an eye on the Canadian market.

Purolator USA, Inc.

TITLE: ***Five Issues That Challenge Your Competitive Edge In the Lucrative Canadian Marketplace***
LENGTH: *10 pages*
DOWNLOAD: *www.purolatorusa.com*
SUMMARY: Understanding the cross-border process is the subject of a new whitepaper from Purolator USA. The whitepaper discusses subjects ranging from regulatory requirements and clearance processes to distribution networks. Purolator USA has highlighted five key recommendations that are of particular importance to U.S. businesses seeking to export to Canada: Know the rules; avoid hidden fees; consolidate, consolidate, consolidate; use cross-border logistics experts; and know how to reach your Canadian customers. For more information and helpful advice about cross-border logistics, download this whitepaper.

WhitePaperDigest


Best Practices for
Transportation Management
A White Paper from Ozburn-Hessey Logistics

This Ozburn-Hessey whitepaper reviews fundamental practices that can drive transportation cost savings and improve operating efficiency.

GT Nexus

TITLE: ***Global Sourcing: Elusive Profits, Expensive Mistakes***
LENGTH: *12 pages*
DOWNLOAD: *www.gtnexus.com/download_landingsc.php*
SUMMARY: Global sourcing has become essential to reducing costs. But extending supply lines overseas creates complications. Many times, companies estimate landed costs and discover, too late, that supply chain surprises have devastated their profits. What can they do? Use a platform that captures actual costs as they occur, compares them with plan, and issues exception alerts. In this whitepaper, you'll learn how today's networked, on-demand trade and logistics platforms can change the game of global sourcing.

Ozburn-Hessey Logistics

TITLE: ***Best Practices for Transportation Management***
LENGTH: *8 pages*
DOWNLOAD: *www.ohlogistics.com/whitepapers*
SUMMARY: The mantra for all transportation professionals is simple: reduce costs and increase customer satisfaction levels. But market forces such as skyrocketing fuel costs and decreased capacity work to undermine these goals. This whitepaper reviews fundamental practices that can drive cost savings and improve operating efficiency. It also shows transportation managers how to shift freight to more economical modes, and build larger, more cost-efficient shipments.

Intermec Technologies Corporation

TITLE: ***Top 10 Supply Chain Technology Trends***
LENGTH: *6 pages*
DOWNLOAD: *www.intermec.com*
SUMMARY: You can hardly pick up a business or IT magazine without seeing multiple articles about the growth of mobile and wireless technologies. But it's not clear exactly what direction these developments are taking and how they can be used to improve enterprise and supply chain operations. For example, identifying mobile computing, printing, and GPS as growth technologies doesn't explain how one field service provider combined them to save at least 40 minutes per crew per day, and up to $2.1 million in overtime. This whitepaper does.

CALENDAR

YOUR LOGISTICS DATEBOOK

August 13, 2008, Performance-Based Logistics (PBL) for Outsourced Supply Chain Operations, Lombard, Ill. Attendees of this educational workshop, sponsored by the Council of Supply Chain Management Professionals, will learn the basics of PBL, how to apply a PBL agreement to outsourced operations, and the attributes of a good PBL contract.

630-574-0985
www.cscmp.org

August 17-21, 2008, International Society of Logistics 43rd Annual Conference and Exhibition, Orlando, Fla. This event, focused on the theme "Logistics Transformation and the Global Economy," will horizontally examine–from both strategic and operational perspectives–the issues and relationships surrounding logistics transformation. Focal areas include human capital development, information transparency, asset visibility, industrial cohesiveness and productivity, penetrating global market share, technology capitalization, operating footprint maximization, inter/intra-enterprise integration, and globalization.

301-459-8446
www.sole.org

August 19-22, 2008, Performance-Based Logistics (PBL): The Basics and Beyond, Knoxville, Tenn. Designed for corporate managers working with defense department counterparts in a PBL contractual situation, this program, co-sponsored by the University of Tennessee's Center for Executive Education and the Council of Supply Chain Management Professionals, introduces the PBL process and philosophy. In lectures, Q&A sessions, and small-group exercises, attendees learn the attributes of a PBL program, how government and DoD contractors view PBL contracts, why PBL contracts benefit both parties, and each one's role in the process.

865-974-5001
http://thecenter.utk.edu

August 20-21, 2008, MATTECH 2008 International Materials Handling, Manufacturing and Packaging Technology, Logistics, and Supply Chain Expo, Miami, Fla. Informative seminars on topics such as optimizing warehouse operations, controlling litigation costs and results, eliminating minimum order quantities while managing overseas suppliers, and doing business in China add an educational component to the expo, where attendees can browse the newest materials handling products and innovations.

941-320-3216
www.MATTECH.us

August 19-22 and September 8-12, 2008
Inventory and Warehouse Management Programs,
Atlanta, Ga.

The Georgia Tech Global Learning Center hosts two courses addressing inventory and warehouse management best practices. Students in the first course, World-Class Inventory Planning and Management, learn to analyze inventory data to reduce inventory carrying costs and increase customer service levels; determine how to measure and improve inventory performance; examine how to reduce, measure, and manage demand variability; and evaluate how to measure and reduce purchase order costs. In the second program, Warehousing Short Course, attendees address warehouse management, operations, workforces, and management systems; material handling systems; third-party warehousing; sorting systems; and international distribution. Harvey M. Donaldson, director of Georgia Tech's Supply Chain and Logistics Institute, leads both courses.

For more information: 404-894-2343 | www.scl.gatech.edu

September 4-5, 2008, Current Issues in Reusable Packaging for Supply Chains, East Lansing, Mich. This seminar, sponsored by Michigan State University's School of Packaging, will explore the costs, benefits, and relationships involved in a successful reusable container system. The agenda includes programs on the costs and value of reusable vs. expendable shipping containers, the contribution of reusable shipping containers to sustainable communities, and testing reusable packaging durability.

800-875-5090
www.packaging.msu.edu

September 11-12, 2008, The National Private Truck Council (NPTC) 6th Annual National Safety Conference, Herndon, Va. Experts from throughout the trucking industry share their insights, best practices, and winning strategies in presentations, discussions with key government representatives, and panels. Attendees gain insights into implementing strategic safety programs and lowering the cost of risk.

703-838-8876
www.nptc.org

October 6-8, 2008, PARCEL Forum 08, Chicago, Ill. This program includes the latest trends, techniques, and management strategies to help build a best-in-class operation. Workshops, panel discussions, roundtables, and in-depth sessions cover five tracks: growth strategies, technology applications, operational efficiencies, transportation fundamentals, and transportation masters.

866-378-4991
www.parcelforum.com

RE-THINKING THE SERVICE SUPPLY CHAIN FOR CUSTOMER SERVICE

Case Study for Pitney Bowes Document Messaging Technology Division

▶ BACKGROUND

Pitney Bowes (www.pb.com) is a mailstream technology company that helps organizations manage the flow of information, mail, documents and packages. The company supports businesses with postage meter needs through its Global Mailing Division and supports organizations with requirements for extremely high velocity mailings through its Document Messaging Technology Division (DMT).

Pitney Bowes manufactures and services equipment that supports the flow of millions of pieces of mail on a daily basis, from customizing and printing, to sorting and attaching postage for invoices and direct mail. The company serves the needs of large-scale operations such as credit card and utility companies.

▶ CHALLENGE

Pitney Bowes Document Messaging Technology Division employs 900 service personnel to support hundreds of customer locations. Its customers rely on them to provide near-perfect uptime. At a rate of 22,000 pieces of mail per hour for some equipment, only a couple of hours without the ability to invoice end-customers can translate to a loss of revenue. To meet these extremely demanding service level agreements (SLAs), Pitney Bowes attempted to stock the majority of parts on-site at each client installation. This included both lower-cost, more frequently replaced parts, as well as high-value, low-turn parts at all locations resulting in significant expense, despite excellent customer service ratings.

In 2007, Pitney Bowes evaluated its service supply chain strategy, with a goal to reduce service inventory from $26.1M to $22.5M.

CUSTOMER QUOTE

"We appreciate Choice's flexibility in helping to facilitate this pilot program, which was significantly smaller in scale compared to the work they do with other companies on a day-to-day basis,"

"This was critical to demonstrate their value proposition and provided the case to expand the relationship. While this was an initial pilot program, we never felt that we were secondary to other customers. From management, to operations, to IT, everyone at Choice has worked closely with us to make our operation successful. We are delighted and couldn't be more satisfied with the results."

Mark Doane, Logistics & Business Support Manager, Pitney Bowes Document Messaging Technologies

Pitney Bowes

RE-THINKING THE SERVICE SUPPLY CHAIN FOR CUSTOMER SERVICE

Case Study for Pitney Bowes Document Messaging Technology Division

SOLUTION

Choice Logistics was selected as the third party logistics (3PL) provider of record for service parts and was challenged to develop and establish a pilot program that would demonstrate the value of a more streamlined service parts logistics process. Choice and Pitney Bowes worked collaboratively to create a business case for strategic, rather than on-site, stocking of service parts and instituted a pilot program.

The program focused on two primary geographic locations: Columbus, Ohio and Edison, New Jersey. This was based on the high concentration of Pitney Bowes customers in these regions that could be served within a two-hour timeframe by a strategic stocking location (SSL). Once the Choice and Pitney Bowes team identified the two locations to meet client demands, they began stocking expensive, low-usage critical parts in both locations.

RESULTS / BENEFITS

The first pilot was located in Columbus, where Pitney Bowes consolidated parts that were servicing eight customers into one centrally located SSL that delivers within a two-hour SLA. For the Edison location, Pitney Bowes stocked parts in the SSL that were previously distributed among 16 client sites.

The results were dramatic and tangible. First, and most importantly, Pitney Bowes successfully maintained their superior customer service. After just one year, the company realized a 25 percent reduction in service parts inventory at each of these pilot locations.

Plus, these two locations are now supporting other markets for next-day delivery of parts that are typically stocked at Pitney Bowes' primary distribution center that is located in an area that does not facilitate same-day or next-day parts delivery. This results in the added benefit of additional points of distribution, which improves customer service, while reducing overall cost.

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IN THIS SECTION:

Company Index • 3PLs

3PLs

3LINX • www.3linx.com

3LINX, based in Allentown, Pa., supports the order fulfillment and logistics needs of clients in the B2B and B2C markets. With more than 50 years of military supply chain management experience, 3LINX embraces client goals with unwavering dedication while providing real-time visibility and control over operations. Flexible fulfillment options (each/case/pallet), coupled with rapid delivery to major U.S. markets, make 3LINX your most valued partner.

3PD • www.3pd.com

Each year, 3PD makes nearly five million deliveries (and counting) for some of the biggest names in business. That's a lot of deliveries, a lot of doorbell-ringing—and a lot of focused last-mile logistics experience that we can turn into a competitive advantage for you.

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3PLs

A.N. Deringer • www.anderinger.com

A.N. Deringer Inc. is a leading provider of international logistics services including freight forwarding, warehousing and distribution, customs brokerage and consulting, cargo insurance, duty drawback, and meat inspection. Deringer combines 33 U.S. offices with a global agency network to facilitate the movement of cargo throughout the world. Visit A.N. Deringer on the Web at www.anderinger.com.

Agility • www.agilitylogistics.com

Agility is a global provider of integrated supply chain solutions with more than 32,000 employees, 550 offices in 100 countries around the world, and over $6 billion in annual revenue. A publicly traded company, we offer our customers truly personal service and flexible solutions tailored to meet their individual business needs.

AmeriCold Logistics • www.americold.net

AmeriCold Logistics is the leading third-party provider of supply chain solutions in the consumer packaged goods industry. Our mission is to use the optimum balance of people, processes, and technology to deliver superior innovative supply chain solutions that create value and opportunities for every customer we serve. AmeriCold Logistics offers supply chain network optimization services that optimize sourcing, processing, storage, distribution, and transportation. To be a best-in-class organization, AmeriCold Logistics uses Six Sigma processes and Lean Thinking concepts to develop programs that ensure operational excellence and reduce operating costs. What can AmeriCold do for you? Find out at www.americold.net.

Associated Global Systems • www.agsystems.com

Associated Global Systems is a leading provider of world-class transportation, logistics, and supply chain solutions on a global basis. Established in 1958, AGS provides a complete menu of time-definite domestic and international services, with coverage from more than 400 cities in the United States and a network spanning 205 countries. Our comprehensive technologies include myAGS.com(InfoNet), myAGSinventory.com(Supply Chain), and Quick Quote.

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Audacious Inc. • www.audacious1.com

Looking to enhance your transportation operations, outsource them completely, or add automated transportation management and supply chain technologies to tap new market opportunities? Make Audacious your reliable and trusted partner and provider. Audacious is helping businesses of all sizes meet their challenges by offering a complete line of robust and proven transportation management and brokerage services, and supply chain technology solutions. Audacious offers a comprehensive combination of full-service operational support to manage all your transportation needs, fully powered by its own sophisticated and proven technology systems, easily customized for any size company. You now need only one company to meet all your transportation management challenges.

Averitt Express • www.averittexpress.com

A balanced equation of technology, facilities, equipment and personnel is how Averitt determines the best options for you to gain time and cost efficiencies in your supply chain. Learn more about our capabilities in warehousing services, portside distribution, dedicated fleet management, transportation network design capabilities, and outsourced transportation management. If you do not see a solution you had in mind, give Averitt a call and we will work with you to create an innovative approach to fulfill your need.

Bender Group • www.bendergroup.com

Bender Group is a customer-centered logistics and consulting partner that helps you transform problems into profits. For more than a half-century, the Bender Group of companies has offered a full range of logistics services, providing the functions you need for the efficient, effective storage and flow of your products to your customer. Bender Group's solutions will help you enjoy the benefits of your own distribution center with no capital investment, or improve the supply chain you already have. Let us know how we can help you grow.

Big Dog Logistics • www.bigdoglogistics.com

Big Dog specializes in designing customized solutions for customers who want more than a cookie-cutter approach. Big Dog provides and manages shipments, warehousing, sorting, staging, and delivery with precise timing that reduces costs and keeps critical parts, spares, and finished goods moving at the pace of your business. The company has established a track record of exceptional customer service by focusing on creative logistics solutions and consistent service quality across every customer's network. Find out more on Big Dog Logistics' Web site.

Bilkays Express • www.bilkays.com

From dedicated contract service to distribution, logistics, and EDI, Bilkays Express sets the standards in shipping by which all others are judged. Businesses throughout the Northeast depend on Bilkays' accurate, on-time delivery for all their shipping needs. Why? Because Bilkays gets the job done better for less by maintaining a modern state-of-the-art fleet so you can be sure your shipments are on the road to an on-time delivery.

BNSF Logistics • www.bnsflogistics.com

BNSF Logistics creates, implements, and executes high-value logistics solutions for customers by utilizing experienced logistics professionals; leading logistics technology; multi-modal execution including LTL, truckload, intermodal, and rail; and a deep understanding of its clients' business. Ultimately, blending these factors together enables BNSF Logistics to become your most valued partner—the most critical link in your supply chain. Visit www.bnsflogistics.com for more details.

Cardinal Logistics • www.cardlog.com

Cardinal Logistics Management Corporation is one of the fastest growing and highly regarded 3PLs in the United States. Cardinal offers customers integrated transportation and warehousing services including: asset-based dedicated contract carriage; final-mile home and jobsite delivery; warehousing and inventory management; supply chain modeling; and logistics management. Solutions are highly customizable and may include dedicated equipment, drivers, contractors, management, and technology for the exclusive use of each customer. Privately-held and headquartered in Concord, N.C., Cardinal's customers include KraftMaid Cabinetry, Office Depot, Mill's Pride, Hughes Supply, CHEP, and more. For information, please visit us at www.cardlog.com.

Cavalry Logistics • www.cavalrytransportation.com

Nashville, Tenn.-based 3PL Cavalry Logistics is dedicated to "Creating Capacity℠" for customers through its one-point-of-contact program. Cavalry Logistics' non-asset approach lets it focus on creating dynamic transportation solutions for customers so they can concentrate on their core competencies. Let Cavalry Logistics and its customer-focused team allow you the ability to streamline your supply chain. Whether it arranges transactional truckload services or outsources your entire transportation network, Cavalry Logistics has the ability to create a flexible package customized to meet your specific needs.

IN THIS SECTION:
3PLs

Corporate Traffic • www.corporate-traffic.com

At Corporate Traffic, customer relationships begin with a relevant analysis of your supply chain, followed by a proposal of fully-integrated, value-added services, customized for you. These can include contract carriage, third-party logistics, warehousing/distribution, financial services, and user-friendly information technology. Corporate Traffic has the resources, network, and technology to deliver the goods. A double priority of customer success and customer satisfaction keeps Corporate Traffic in the fast lane, especially with the manufacturing and retail industries. Every customer knows Corporate Traffic's pledge of safe, timely, and cost-effective service. Find out for yourself by visiting this Web site.

CRST Logistics • www.crstlogistics.com

If you are ready to start moving, CRST Logistics is ready to start driving – driving significant costs from your supply chain. We're a third-party logistics resource, providing transportation brokerage services and freight management to complete transportation outsourcing. We leverage our buying power to find the fastest, safest, most innovative ways to move your products. Anywhere. Visit our Web site to explore our transportation management and supply chain strategy. And let's get going.

CT Logistics • www.ctlogistics.com

CT Logistics is a multi-faceted organization comprised of three distinct, yet closely related companies. Its core strength and expertise is centered on freight audit and freight payment as well as rating solutions. The Commercial Traffic Company (CT) is a third-party freight audit and freight payment company that performs pre-audit, freight payment, and post-audit services for hundreds of organizations dispersing billions of dollars annually for freight costs. Its premier service offering, AuditPay, capitalizes on the robust functionality of FreitRater™ to benefit client companies wanting a precise pre-audit and payment process performed.

DSC Logistics • www.dsclogistics.com

With experience, knowledge, and IT – as well as supply chain capabilities that are adaptable, versatile, and focused on changing customer needs – DSC Logistics helps companies reach their business goals. Services provided by DSC include supply chain analysis and design, strategic solutions-based consulting, systems integration, process improvement, and management of logistics operations such as warehousing, transportation, packaging, and fulfillment. In today's business environment, filled with rapid and unpredictable change, DSC manages change and information in the supply chain by using a strategy called sense-and-respond and by being ready for anything!

Dupré • www.dupretransport.com

Dupré is a team of professionals who design and deliver safe, diversified solutions and services for quality focused clients committed to increasing their competitive advantage through our integrated on-site services, dedicated private fleets, traffic management and brokerage services, gasoline inventory management and distribution services, and reverse logistics management for recyclable products and returnable containers. Dupré has over 900 team members who will produce over $125 million in revenue in 2008. Dupré is headquartered in Lafayette, La. For more information on Dupré, visit www.dupretransport.com.

Evans Distribution Systems • www.evansdist.com

Evans Distribution Systems has been enabling customer success for more than 75 years. Evans provides warehousing, transportation, packaging, quality inspection, and complete 3PL management services for a variety of industries. Through its experience, flexibility, and innovation, the 3PL proves to its customers that "it's easier with Evans." Let Evans provide you with all the information you need to meet your logistics challenges.

FAC Food Service Logistics • www.faclogistics.com

FAC Food Service Logistics focuses on the food service industry and covers all 48 contiguous United States, specializing in the safe and efficient transportation of time-sensitive freight. With more than 100 years of combined experience in LTL, truckload, small package, and refrigerated transportation, FAC holds the competitive advantage. Together with its employees, customers, and suppliers, FAC continues to revolutionize the food service industry. To become part of the team, log on to the Web site today.

Freight Flow Ltd. • www.freightflow.com

Whether you need expedited transportation, dedicated logistics, air freight/air charter, or brokerage services, Freight Flow can help. Its 3PL and transportation management experience meets the individual needs of diverse customers—from the utility and power industry to retail distribution to manufacturing and distribution. Visit Freight Flow's Web site for a rundown of its service offerings and how its experienced professionals can become a critical part of your transportation program.

IN THIS SECTION:
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Freightquote.com • www.freightquote.com

You can manage multiple carriers, shipping locations, vendors, customers, and more without spending big money on TMS software. Freightquote.com is the online solution that automates all of your freight transportation management – quoting, dispatching, documentation, tracing, reporting, and more. One simple application manages truckload, intermodal, LTL, air cargo, and international – any mode, any shipment. Visit the Web site or call 800-323-5441.

General Freight Services • www.gfreight.com

General Freight Services, Inc. offers a broad range of logistical services, including: domestic over the road; intermodal transportation throughout North America; and international freight forwarding and customs brokerage capabilities around the globe. We specialize in non-asset-based transportation and logistics services. Our relationships with more than 12,000 contract carriers, combined with a non-asset-based operating model, provide customers with quick response time, flexibility to secure hard-to-find equipment, multimodal options, the ability to adapt to changing market conditions, and optimal market pricing. Let General Freight provide seamless execution of over-the-road and intermodal shipments so you can focus on your core business.

The Gilbert Company • www.gilbertusa.com

With over 20 years of experience, The Gilbert Company, a leading integrated logistics services provider, delivers warehousing and distribution services, nationwide consolidation and deconsolidation, retail store deliveries, domestic and international freight forwarding, and electronic processing and tracking systems. Warehousing capabilities include 2 million-plus square feet in Chino, Calif., and 275,000 square feet in Keasbey, N.J. The Gilbert Company is committed to providing unparalleled logistics services coast to coast. For further information, visit us at www.gilbertusa.com.

Greatwide Logistics Services • www.greatwide.com

Dallas, Texas-based Greatwide Logistics Services is one of the nation's leading non-asset-based transportation, third-party logistics, warehouse/distribution, and truckload brokerage solutions providers. By operating four primary business units – dedicated transport, truckload management, truckload brokerage, and distribution logistics – Greatwide Logistics Services can provide its customers with a fully integrated range of transportation and logistics management services.

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Gumro & Associates • www.gumroandassociates.com

Gumro and Associates (G&A) solves your distribution problems with a personalized approach and focus on quality customer service. Services include pool warehousing and distribution, just-in-time delivery, and a customized freight tracking, data collection software called "ePAD" (electronic Pool And Distribution). G&A is equipped with a professional MIS team, account managers, and dispatch managers to help you easily navigate through any transportation or logistics issue your company may be experiencing.

Hanover Logistics • www.hanoverlogistics.com

Hanover Logistics is an asset-based logistics services company providing customers with superior supply chain management solutions in a variety of third-party logistics (3PL) disciplines including warehousing, distribution, fulfillment, and transportation services. Hanover Logistics is equipped to expertly handle various types of logistics services including: freight brokerage, food/grocery storage and distribution, intermodal/cross-dock services, warehousing solutions for a variety of products (foreign trade zone certified), and general transportation management including truckload/LTL services.

IL2000 • www.il2000.com

IL2000 is passionate about our clients and their business. We built our company on a foundation of world-class service and commitment to people and technology. IL2000 is an industry-leading, full-service global logistics provider. Our state-of-the-art Web-based transportation management system provides unprecedented visibility and control of the entire supply chain. Partnering with IL2000 will result in greater operational efficiencies and significant cost reductions across the board.

Integrity Logistics • www.integritylogistics.com

Diligence and creativity meet at Integrity Logistics! Since 1988, we have been providing custom solutions for our customers large and small. For loads or projects requiring a higher level of care, service, or visibility, trust the experts at Integrity Logistics to craft the right solution for you. Integrity offers LTL, van truckload, flatbed/OD, special project, and dedicated logistics management with a measure of one-on-one customer service not typically found in the industry.

Jacobson Companies • www.jacobsonco.com

What can we do for you? When it comes to supply chain management, the answer is: Leadership, Innovation and Quality Solution. Everything we do: warehouse operations and management; freight management; full truckload and asset-based solutions; contract packaging and manufacturing services; total staffing solutions; and temporary services. We center these services around our companywide Can Do commitment to you.

Kanban Logistics • www.kanbanlogistics.com

Recently named a Top 100 Third-Party Logistics Provider in the United States, Kanban Logistics excels in the logistics industry. Kanban is ISO 9001:2000 certified, C-TPAT compliant, and holds an activated Foreign Trade Zone. With over 700,000 square feet of warehousing space, Kanban Logistics is also Superior rated food grade certified by AIB. Kanban offers rail siding as well as a full-service transload yard. Whether your needs are distribution or overflow, pick and pack, inspection, kitting, labeling, barcoding, rail services or transportation/trucking, we promise flexibility and impeccable service and performance.

Kane is Able • www.kaneisable.com

Manufacturers are striving to integrate supply chain management, focus on core operations, and outsource additional services necessary for their organizations, and Kane is responding to meet those needs. Kane's complete platform of logistics services – custom packaging and specialized product services; IT-based logistics solutions; integrated logistics planning and network development; facility development and operation; product distribution throughout the Northeast; and supply chain management – make it the right choice for the Northeast.

Key Factor Freight Management, Inc. • www.key-factor.com

Canada Trucking Freight Experts since 1984. Key Factor services all shipping points between the United States and Canada on a direct door-to-door basis. Our friendly customer service staff will monitor your shipments 24 hours a day, 7 days a week. Internet load tracking is available to all of our clients. All types of vans and flat deck equipment. LTL, TL ,and expedited service. One call does it all for your North America shipping needs: 1-800-263-7349.

WEB_CITE CITY

www.inboundlogistics.com/web_cite

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Landair • www.landair.com

At Landair, we put everything we've got into making sure you see results. From truckload and dedicated services to logistics, warehousing, and distribution services, we can custom-tailor a solution that fits your specific needs–making your company more efficient and more productive. We call it "Solutions From the Ground Up."

Landstar Global Logistics • www.landstar.com

Landstar Global Logistics, a safety-first transportation services company, provides complete logistics services throughout the United States, Canada, and Mexico. Landstar Global Logistics' extensive brokerage network increases customer options as it brings a wider array of equipment options to handle the toughest transportation challenges. With innovative use of Internet technology, Landstar Global Logistics communicates in every medium, from the most sophisticated satellite tracking systems to the simplest pagers. That means customers know where their shipment is every step of the way, with every carrier selected. You'll find complete details on our Web site.

LeSaint Logistics • www.lesaint.com

LeSaint Logistics' overall objective is to provide customers with the opportunity to focus on their core business by offering the full range of third-party logistics services: contract warehousing, public warehousing, hazardous materials management, common carriage, dedicated transportation, transportation management, information management, customer call centers, inventory management, and fulfillment. We provide value-added fulfillment services such as pick/pack and ship, repack, labeling, subassembly, kitting, and returns management, to name a few. We're flexible to our customers' requirements, providing them with the option of selecting from our menu of services, and choosing the capabilities that meet their specific needs.

Lily Transportation • www.lily.com

Lily provides dedicated contract carriage for companies that have time-, temperature-, or customer-sensitive deliveries. Utilizing the Lily Platform for Continuous Improvement allows the service provider to track, report, and take action–based on data–to continuously improve delivery results. Some customers: Whole Foods Markets, Lindt Chocolates, VersaCold, Legal Sea Foods, and NAPA. Our people, process and knowledge deliver exceptional results.

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Logistics Management Solutions (LMS) • www.lmslogistics.com

Logistics Management Solutions (LMS) offers TOTAL, a Web-enabled TMS that significantly reduces overall transportation costs, can be implemented – and producing results - within 90 days, offers a low-cost point of entry, and easily integrates into existing ERP systems. Many of our clients, including BASF and Monsanto, are using TOTAL to significantly cut their transportation costs. Contact us: 1-800-355-2153.

LTD Supply Chain • www.ltdsupplychain.com

LTD Supply Chain can transform your offshore supply chain by handling the complex challenges of sourcing from the diverse, large regions of Asia and India. We put the pieces together with suppliers, transport carriers, forwarders, consolidators, and other logistics service providers using information technology, experienced people, and processes to manage your supply chain. Whether you are sourcing in China, India, Taiwan, or elsewhere in Asia, LTD works with your suppliers to improve performance, build better relationships, reduce cycle time, and bring bottom-line results to your company.

Lynden • www.lynden.com

Over land, on the water, in the air – or in any combination – Lynden has been helping customers solve transportation problems for almost a century. Operating in such challenging areas as Alaska, Western Canada, and Russia, as well as other areas around the globe, Lynden has built a reputation of superior service to diverse industries.

LynnCo • www.lynnco-scs.com

LynnCo specializes in value-added supply chain solutions. We create tailored solutions by taking redundant links out of our clients' logistics networks. Whether it's upfront due diligence studying current distribution patterns, rationalizing facilities with state-of-the-art optimization tools, or analyzing entire supply chain networks, our mission is to provide our clients world-class solutions – creating bottom-line value.

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www.inboundlogistics.com/web_cite

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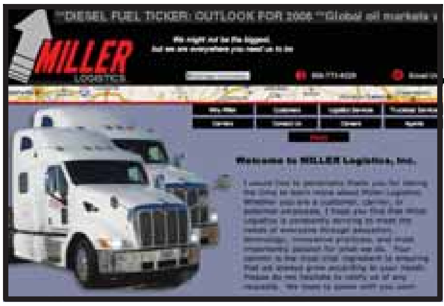
Mallory Alexander International Logistics • www.mallorygroup.com

Mallory Alexander International Logistics is a leading third-party logistics (3PL) provider. As a specialist in global logistics and supply chain services, Mallory Alexander acts as a single source for all logistics and supply chain needs. Specifically, Mallory Alexander provides public and contract warehousing, freight forwarding (international, domestic, air and ocean), customs brokerage, import/export services, intermodal trucking and transportation, logistics services, and consulting.

Metro Park Warehouses • www.metroparkwarehouses.com

Metro Park Warehouses is a full-service 3PL offering over 2 million square feet of modern food-grade warehousing space including 272,000 medical temperature-controlled square feet with ATF and national pharmaceutical licensing, ALB Superior ratings, and open to reciprocal switching rail facilities. Our in-house value-added services include end-to end call center-shipping-invoicing-collections, store display building, heat-tunnel shrinkwrapping, and a dedicated local and regional trucking fleet. Based in Kansas City, Mo., we have been in business over 38 years specializing in award-winning service for food and household products, medical supplies, pharmaceuticals, alcoholic beverages, appliances, roll paper, and packaging. Contact Metro Park to gain the competitive edge for your Midwest logistics and distribution requirements.



Miller Logistics • www.millerlogistics.com

Why Miller Logistics? Because it offers state-of-the-art technology, experience, strategic partnerships, and an innovative internal structure designed to best serve customers. An entire team is dedicated to measuring, analyzing, and correcting every area of operations, and it shows: on-time pickups and deliveries average nearly 100 percent with a low claims ratio. With 24/7 operations 365 days a year, Miller Logistics never gets tired of working for you.

New Breed • www.newbreed.com

New Breed is a third-party logistics company that brings new levels of visibility and control to complex logistics operations. We combine methodical analysis of your material flows with the intelligent application of systems to reduce and automate process steps - across your supply chain or in your distribution center. Some of the world's most respected companies rely on New Breed minds to streamline logistics operations in support of manufacturing, distribution, returns, refurbishment and repair, and service parts logistics.

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Nexus Distribution • www.nexusdistribution.com

Even the most demanding customers will find solutions that meet their needs with Nexus Distribution, a third-party logistics provider specializing in full-service, client-specific solutions. Nexus' dedication to teamwork, technological advancement, and customer satisfaction—combined with a collaborative effort among its people, technology, and location—has made the company a trusted provider of third-party logistics worldwide for more than 25 years. Details are available on the Web site.

NFI Industries • www.nfiindustries.com

Whether you need trucking, warehousing, or third-party logistics services, make NFI Industries your one-stop resource for integrated supply chain solutions. NFI, a family of companies dedicated to serving the supply chain logistics industry, operates 35 trucking/maintenance facilities nationwide, with more than 8,000 tractors and trailers. NFI also offers 14 million square feet of space, through more than 50 contract and public warehouses nationwide. State-of-the-art transportation management/IT logistics and engineering solutions, and real estate site selection round out the service profile. For more information, visit www.nfiindustries.com.

Norvanco International • www.norvanco.com

In a commoditized service area there is a different vendor – a vendor that offers true port-to-shelf services. That vendor is Norvanco International, an outsourced service provider of key fulfillment functions. Norvanco lets you concentrate on growing your business while it attends to your back-room needs by meeting and exceeding your performance standards in all critical operational areas. Norvanco offers companies large and small the services of a diverse and talented logistics team that works as your partner to facilitate the continuous, error-free movement of goods from point of origin to the end recipient.

OOCL Logistics • www.oocllogistics.com

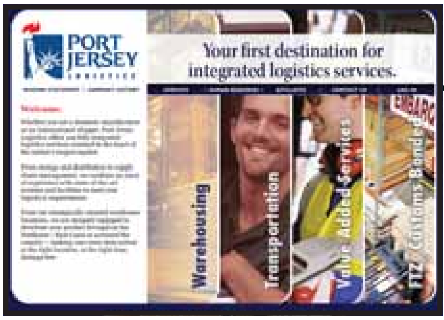
As a world-class provider of innovative logistics and supply chain services and solutions, OOCL Logistics has an extensive network of 100 offices in 32 countries around the world. Providing advanced customer-specific solutions through its technology and value-creating services in supply chain management, OOCL Logistics' extensive service network and platforms allow you to make All the Right Moves for your business. Going global? OOCL Logistics' international group focuses on serving customers with global sourcing and supply chain management needs. The group creates value through innovative end-to-end international logistics services.

Penske Logistics • www.penskelogistics.com

Whether you need an LLP partner to oversee all logistics operations or you just want to optimize your warehouse design, Penske Logistics offers a full spectrum of transportation, warehousing, inbound/outbound, supply chain management, and freight forwarding solutions. Its collaborative best teams approach enables Penske to be more than a logistics service provider. Penske provides practical success stories online through case studies.

Performance Team • www.ptgt.net

Performance Team is the only thing that should come between your products and your customers. For 30 years, Performance Team has been offering its expertise to the retail and manufacturing industries with a broad range of supply chain services including: trucking, distribution, logistics, and fulfillment. Through five domestic hubs, 3 million square feet of warehouse space, and a fleet of more than 200 trucks, Performance Team's skilled team of 1,500 nationwide employees processes approximately $60 billion in wholesale goods. See why Performance Team annually earns a reputation as the premiere trucking, consolidation, and distribution company in the United States; log on to www.ptgt.net.



Port Jersey Logistics • www.portjersey.com

For more than 50 years, Port Jersey Logistics has been the number one choice for transportation, warehousing, and distribution on the East Coast. Port Jersey operates modern, state-of-the-art warehousing space, as well as in-house trucking and logistics services. Along with our wide array of value-added services and first-class customer service team, Port Jersey Logistics is your one-stop shop for all of your supply chain needs.

Priority Distribution Inc. (PDI) • www.pdi3pl.com

Do you need to move a truckload of plate glass? PDI can do it. Do you need to pack up a 750,000-square-foot warehouse and relocate it 1,800 miles to a new site? No problem. Once PDI has moved those plates of glass, or relocated your warehouse, the process and lessons learned are documented for the next time. PDI continually learns from its clients. This is the way we think and it fosters the type of personally attentive service that drives our growth. We plan to continue to grow and we hope you will become a PDI partner.

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Priority Solutions International • www.prioritysolutions.com

Priority Solutions International is a full-service global logistics provider. Since 1983, we've built a reputation for excellence in handling all types of shipments, from one pound to hundreds of tons. We specialize in high-touch distribution, fulfillment, and transportation of time- and security-sensitive shipments. Our clients include Fortune 500 pharmaceutical companies and the U.S. military. Most of our clients require a significant level of flexibility, accuracy, accountability, and cost-effectiveness. Have questions? Contact: transportation@prioritysolutions.com or visit www.prioritysolutions.com.

ProTrans International Inc. • www.protrans.com

ProTrans' customers are given complete visibility of their materials while having the flexibility of customized services that meet their unique needs. Enjoy the simplicity of having one contact manage your entire supply chain. ProTrans' diverse offerings include: land/air/ocean transportation, consolidation, inventory management, customs brokerage, logistics optimization, carrier management, transportation procurement, route execution, and supply chain network management.

PSS Warehousing • www.pssdist.com

A leader in warehousing, storage, transportation, and distribution since 1983, PSS is the Northeast's premier services provider. Fortune 500 companies have come to rely on PSS for its expertise in grocery distribution, reverse logistics, transportation, and packaging services. Achieving this goal has taken continuous investments in technology, equipment, and facilities, which has paid off by keeping PSS at the forefront of every aspect of warehousing and transportation. Go online and discover the PSS service advantage for your company.

Redhawk Global • www.efreightline.com

Transform your logistics processes into time and cost savings by partnering with Redhawk Global, a specialized freight services and supply chain provider. Whether you need standard freight brokerage or complex custom contract logistics services, Redhawk has the industry knowledge to impact your bottom line and allow you to focus on your core business competency. To find out how to get Redhawk Global on your team, visit the Web site today.

RK Logistics • www.rkgllc.com

The RK Logistics Group brings together more than 50 years of collaborative experience in management and the transportation industry to continue a long-standing tradition of excellence. RK Logistics understands all facets of the transportation business because it built its business from the ground up—with hands-on experience in the truck driver's seat to logistics and management expertise at the top. The hallmark of this family-owned-and-operated business is a focus on a circle of trust – where customers always come first and employees are empowered to provide the highest level of unparalleled service.

RMX Global Logistics • www.rmxglobal.com

Your Single Source Logistics Provider...Customer-Focused by Design. At RMX Global Logistics, we're here to find logistics solutions for you 24 hours a day, seven days a week. Our state-of-the-art systems manage more than 150,000 moves each year. That means we have the strength and capacity to meet your most demanding needs, along with the flexibility to customize operations to your unique requirements. For a partner with in-depth understanding of supply chain management and an international logistics network, look to RMX Global Logistics...The Logistical Choice.

RoadLink • www.roadlink.com

RoadLink holds a network of operating companies focused on intermodal trucking, dedicated operations, and related logistics services. RoadLink also maintains a network of convenient service locations from coast-to-coast, and the combined capacity of more than 2,200 trucks nationwide, making it the largest company of its kind in North America. Expansion plans are in place to increase capacity and become a dominant player in every key intermodal market in North America.

Ruan • www.ruan.com

At Ruan, we understand what moves business: ideas. It's a matter of vision, creativity, innovation and strong partnerships. In terms of transportation services, it's about moving goods or materials to where they need to go, when and how it's most efficient and profitable. This is what we've delivered for our customers, day in and day out, since 1932. Find out why the right partner can drive costs out of your supply chain—call 866-RUAN-NOW or visit our Web site—ruan.com.

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Ryder • www.ryder.com

Ryder provides end-to-end supply chain, warehousing, and transportation solutions including: third-party logistics (3PL), fleet management, RFID operations, reverse logistics, supply chain management, transportation management/freight management, truck rental, truck leasing, warehousing, lead logistics provider, lead logistics manager, service parts operations, and distribution center management.

Salem Logistics • www.salemlogistics.com

Imagine shipments from your vendors to your customers orchestrated so everything arrives in minimum time with little handling and maximum savings. Imagine storing and distributing your shipments with ease. Look no further. Salem Logistics gives you better control and visibility of your supply chain, without the headaches. Using the SCANEX℠ system, we share visibility and combine shipments, cutting down on handling and saving you money. Tracking and reporting is customized to your needs. Contact us today.

Scott Logistics Corporation • www.scottlogistics.com

With nearly 100,000 shipments under contract annually, Scott Logistics Corporation is one of the nation's leading brokers providing truck transportation services throughout North America. Scott Logistics has the resources necessary to fulfill any truck transportation requirement through its network of over 15,000 quality-driven motor carriers, representing all sectors of the industry. Enhancing Scott Logistics' non-asset-based services are Scott Carriers, Inc., an asset-based motor carrier operation providing dedicated and for-hire services, and Scott Distribution Services, Inc., a warehousing and distribution services provider with primary facilities strategically located in the Atlanta metropolitan area. Combined, the Scott companies possess the experience, skills, and resources necessary to provide custom-tailored, fully integrated logistics solutions throughout North America.

SDV, USA • www.sdv.com

SDV International Logistics has been active in the United States for nearly 40 years, and has amassed the local knowledge and resources to expertly serve our clients. Our 14 offices, situated along the main transportation axes of the country – from Miami to Seattle and from Los Angeles to Boston – cover the entire nation and offer you 360-degree solutions. Not only is SDV a forwarding agent, it's also a global service provider, offering complete global storage and distribution services, inbound or outbound.

SEKO • www.sekoworldwide.com

SEKO prides itself on a commitment to customer service, whether it's a 2 a.m. pickup for a critical industrial part for a plant that is 4,000 miles away, or the cost savings achieved from proactive communication with your vendors overseas. SEKO offices have the knowledge and expertise to expedite or to consolidate, depending on your need. From Hong Kong to Amsterdam, SEKO knows how to serve its clients. As a non-asset-based third-party logistics provider, SEKO has the flexibility to meet your supply chain needs using a variety of modes and carriers.

Sunrise Logistics • www.sunriselogisticsinc.com

At Sunrise Logistics, we specialize in delivering supply chain solutions customized to fit your needs. Let our team of experts help you plan for long-term success, while responding to the daily challenges of business. Services include: temperature-controlled freight; competitive just-in-time deliveries; third-party storage and forward logistics; intermodal and backhaul opportunities; state-of-the-art storage facilities; value-added logistics services; and leading communication technologies. Check out our Web site or call us today at 888-518-8502.

Sunteck Transport Group • www.suntecktransport.com

Sunteck Transport Group, a wholly-owned subsidiary of AutoInfo, Inc., is largely an agent-based provider of logistics services. With both brokerage and carrier operating authority, Sunteck's portfolio of services include full truckload brokerage, contract carrier/asset management, less-than-truckload, intermodal, expedited, government, and third-party logistics.

TMSi Logistics • www.tmsilog.com

TMSi, an award-winning 3PL provider, has differentiated itself through a performance-driven culture resulting in sustainable cost savings and improved service levels. TMSi can optimize your enterprise's supply chain by providing distribution network modeling, long-term facility planning, and operations consolidation. TMSi and its clients identify performance markers such as time to market, inventory turns, profitability goals, and other Key Performance Indicators (KPIs) to monitor the supply chain's performance. For more information on TMSi, call 603-422-0777 or visit www.tmsilog.com.

Total Logistic Control • www.totallogistic.com

Total Logistic Control (TLC) delivers exceptional value in the design, implementation, and operation of logistics systems. TLC provides end-to-end supply chain services, including supply chain planning, contract manufacturing/packaging, transportation services, multi-temperature warehousing, logistics management services, and supplier management/procurement. The company has received the Top 10 Provider of Logistics Excellence award for 10 consecutive years. As the independent arm of one of the world's largest retailers, TLC combines operating excellence with global economic resources to bring new value to our customers' supply chains. The company is headquartered at 10717 Adams St., Ste. 200, Holland, MI 49423.

Transfreight LLC • www.transfreight.com

A premier third-party logistics provider, Transfreight delivers customized lean supply chain solutions that reduce total logistics cost for leading manufacturers. Our innovative, multidisciplinary team uses robust technologies/processes to create solutions that optimally connect their manufacturing operations and suppliers. Transfreight solutions include network rationalization and optimization; crossdocking and facility services; transportation; packaging design and management; and consulting.

TransGroup Worldwide Logistics • www.transgroup.com

Staying on top of the competition means you need a strong transportation/logistics partner that can guarantee "bigger, better, faster," plus provide personalized service and solutions for success. TransGroup's access to all commercial/cargo flights and surface options provides more flexibility than you ever thought possible. TransGroup is also a forerunner in logistics IT, with systems and tools that allow goods and information to flow efficiently. In today's business environment, your customers demand on-time service and flexible scheduling. TransGroup understands, and delivers your success.

Transplace • www.transplace.com

Transplace delivers supply chain excellence through an optimal and flexible combination of industry-leading global and domestic logistics services and technology. Tap into our dense network of shippers and transportation providers through On-Demand transportation management and a suite of professional services tailored to your organization's needs.

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Tucker Company • www.tuckerco.com

Experiencing truckload capacity problems? Receive steady waves of truckload equipment–from dry vans to flatbeds, refrigerated to specialized equipment–with Tucker Company. Experiencing problems implementing an inbound freight management program? We get the job done, under budget and fully controlled. Tucker Company operates one of America's oldest freight brokerages. In our 43rd year, we co-founded the TIA, and are active members of TCA, NITL, SC&RA, NASSTRAC, and CSCMP. We are always interested in sales agents, reps, or those selling brokerages/3PLs.

Unyson Logistics • www.unysonlogistics.com

Unyson Logistics provides the technology and resources to help businesses drive costs out of their supply chains. We do this by creating logistics solutions where our customers own and drive the process jointly, with us, in unison. Combining the stability and resources of our $1-billion-plus parent company, Hub Group Inc., with this uniquely collaborative approach, Unyson surrounds customers with 360 degrees of measurable, strategic value–what we call The Y Factors: unity, opportunity, visibility, velocity, technology, delivery, capability, flexibility, stability, and integrity.

Wagner Industries • www.wagnerindustries.com

Wagner Industries is not just a trucking company, warehousing company, or any other narrowly defined organization. We're a third-party logistical services company with multiple competencies to provide diverse services for our many customers across the United States. We provide contract trucking and transportation management, distribution centers, warehousing centers, packaging and assembly operations, and fulfillment. Plus, all services are provided with the highest standards of quality and the most technologically advanced information management systems. With our many areas of expertise, we can tailor a supply chain solution for your company to provide you with superb service while lowering your net cost.

(WSI) Warehouse Specialists, Inc. • www.wsinc.com

Reliability is everything. At WSI, that's been our approach to integrated logistics and supply chain solutions for more than 40 years. Our promise of Condition, Count & Time™ ensures accurate, timely, and sound performance–every time. Recognized as one of the top 3PL companies in North America, WSI delivers custom solutions for warehousing/distribution, fulfillment, transportation, import/export, information technology, and customer support services. Depend on WSI for increased efficiency, reduced costs, and absolute reliability.

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Weber Distribution • www.weberdistribution.com

Weber Distribution is the leading West Coast provider of warehousing and transportation ambient and temperature-controlled services. Privately-owned, asset-based with over 84 years of successful experience, Weber has the knowledge and flexibility to handle the supply chain needs of the most demanding customer. Incorporating best-of-breed information technology, 20 service centers with over 4.4 million square feet, along with a fleet of 350 environmentally friendly transportation units, Weber provides the absolute best service and return for your supply chain investment.

Werner Enterprises • www.werner.com

Werner Enterprises is a premier transportation and logistics company, with coverage throughout the United States, Canada, Mexico, and China. Werner maintains its global headquarters in Omaha, Neb., with offices throughout North America and China. Werner is among the five largest truckload carriers in the United States, with a diversified portfolio of services. Werner's value-added services portfolio includes freight management, truck brokerage, intermodal, and freight forwarding. Werner, through its subsidiary companies, is a licensed U.S. NVOCC, U.S. customs broker, Class A freight forwarder in China, licensed China NVOCC, and TSA-approved indirect air carrier.

Wheels Group • www.wheelsgroup.com

In this era of vendor consolidation, Wheels Group concentrates on providing a full spectrum of integrated products and services from a single source. Innovative and non-traditional approaches to supply chain management include: domestic and international transportation services; third-party logistics; supply chain consulting, optimization, and reporting; contract warehousing and distribution; technology systems and process development, and much more. For details, visit the Web site.

3PL WMS

3PL Central • www.3plcentral.com

Introducing a WMS built exclusively for third-party logistics providers and public warehouses. Increase productivity, reduce costs, and enhance your customer service with 3PL Warehouse Manager™, the first on-demand warehouse management system created for small and mid-size public warehouses. 100-percent Web-based 3PL Warehouse Manager requires no investment in software or IT resources, and can start transforming your business from the moment you subscribe. To learn how much money, time, and effort 3PL Warehouse Manager can save your firm, try it free for 30 days. Visit the Web site now to get started.

AIR/EXPEDITED

Hassett Air Express • www.hassettair.com

Hassett Air Express, a leader in time-sensitive freight services, offers a full line of transportation services including same-, next- and second-day; two-day regional and three- to five-day time-definite; expedited truckload; international; charter; and trade show. Hassett customers can access a secure Web portal called My H-Trac, where they can obtain vital shipment information, download current invoices, request shipping quotes, create management reports, and more.

Quick International Courier • www.quickintl.com

Quick International Courier meets our customers' critical shipping deadlines with unmatched speed and reliability. We offer global priority transportation solutions, including next available flight out, next-drive-out to secure hand-carry, warehousing and third-party logistics, and even aircraft charter management. Whatever it takes, our industry-focused specialists custom design shipping solutions to meet every individual need. Our Web-based QuickOnline tools allow customers to place orders, track, monitor, and confirm every move of their shipments.

E-COMMERCE FULFILLMENT

3LINX • www.3linx.com

3LINX, based in Allentown, Pa., supports the order fulfillment and logistics needs of clients in the B2B and B2C markets. With more than 50 years of military supply chain management experience, 3LINX embraces client goals with unwavering dedication while providing real-time visibility and control over operations. Flexible fulfillment options (each/case/pallet), coupled with rapid delivery to major U.S. markets, make 3LINX your most valued partner.

ECONOMIC DEVELOPMENT

Regional Growth Partnership • www.rgp.org

The Regional Growth Partnership is a private nonprofit corporation dedicated to fostering local, national, and international economic growth opportunities for Northwest Ohio.

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FREIGHT MANAGEMENT

The Logistics Source • www.thelogisticssource.com

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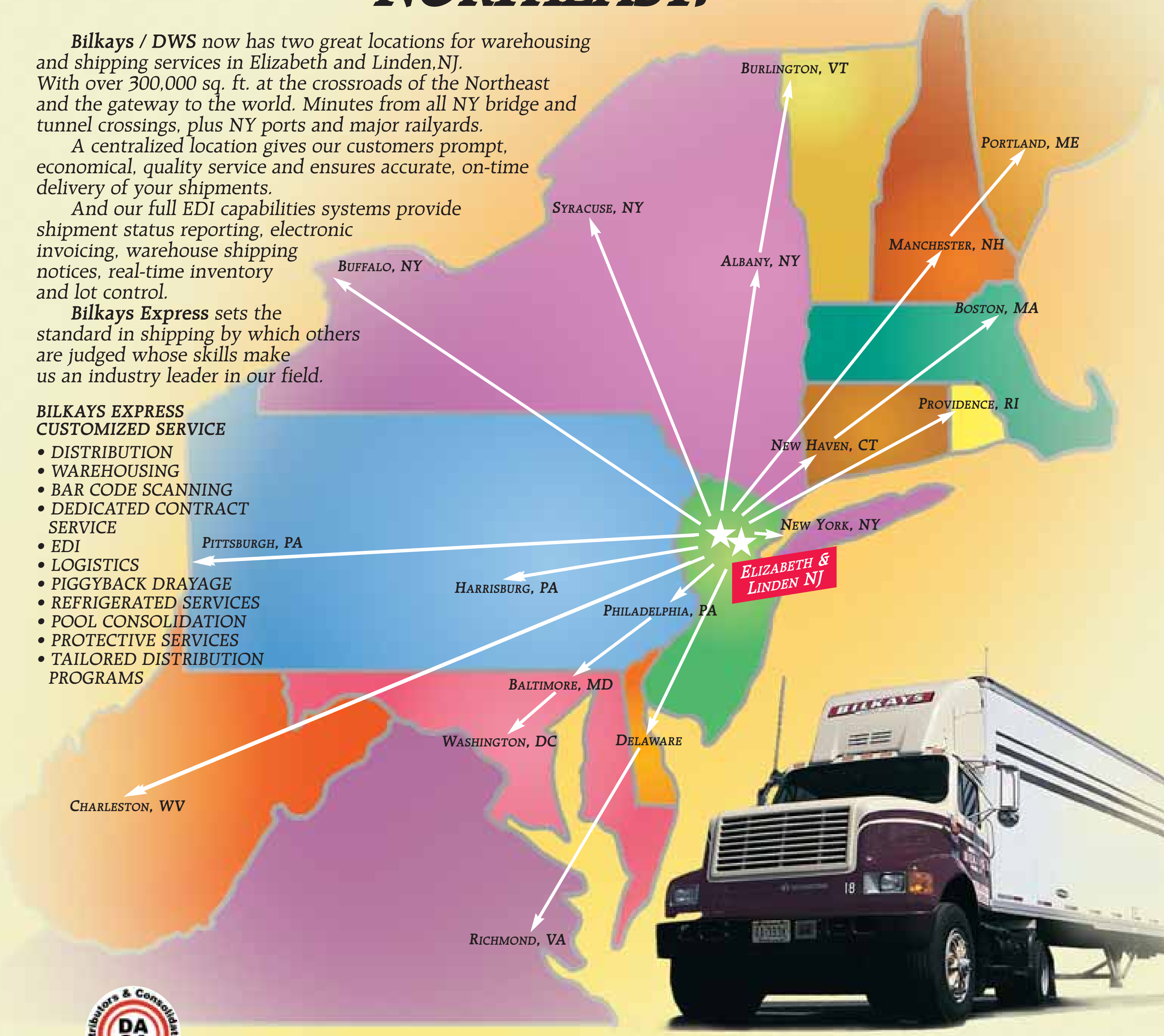

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