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TOP 100 3PL PROVIDERS
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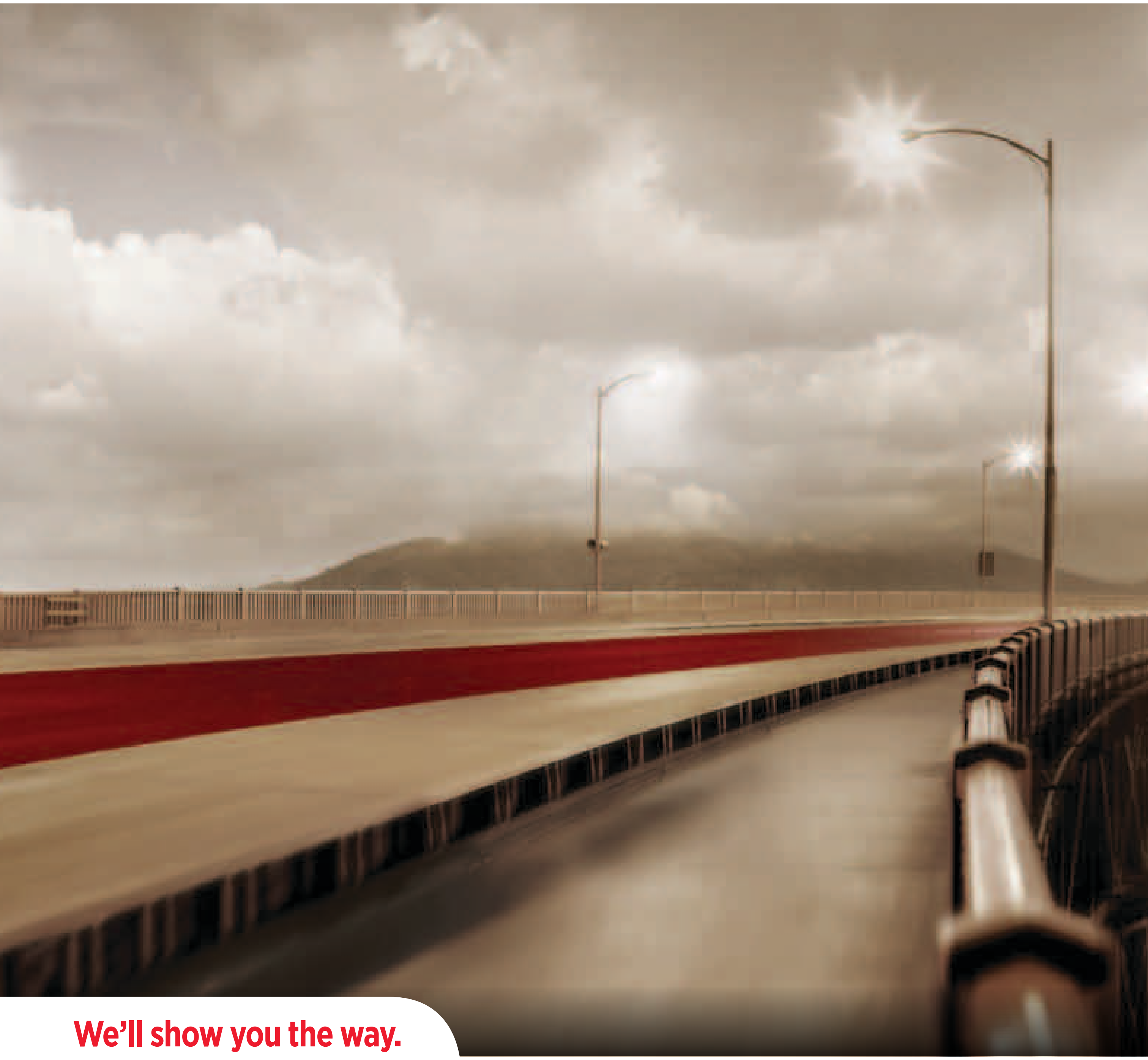


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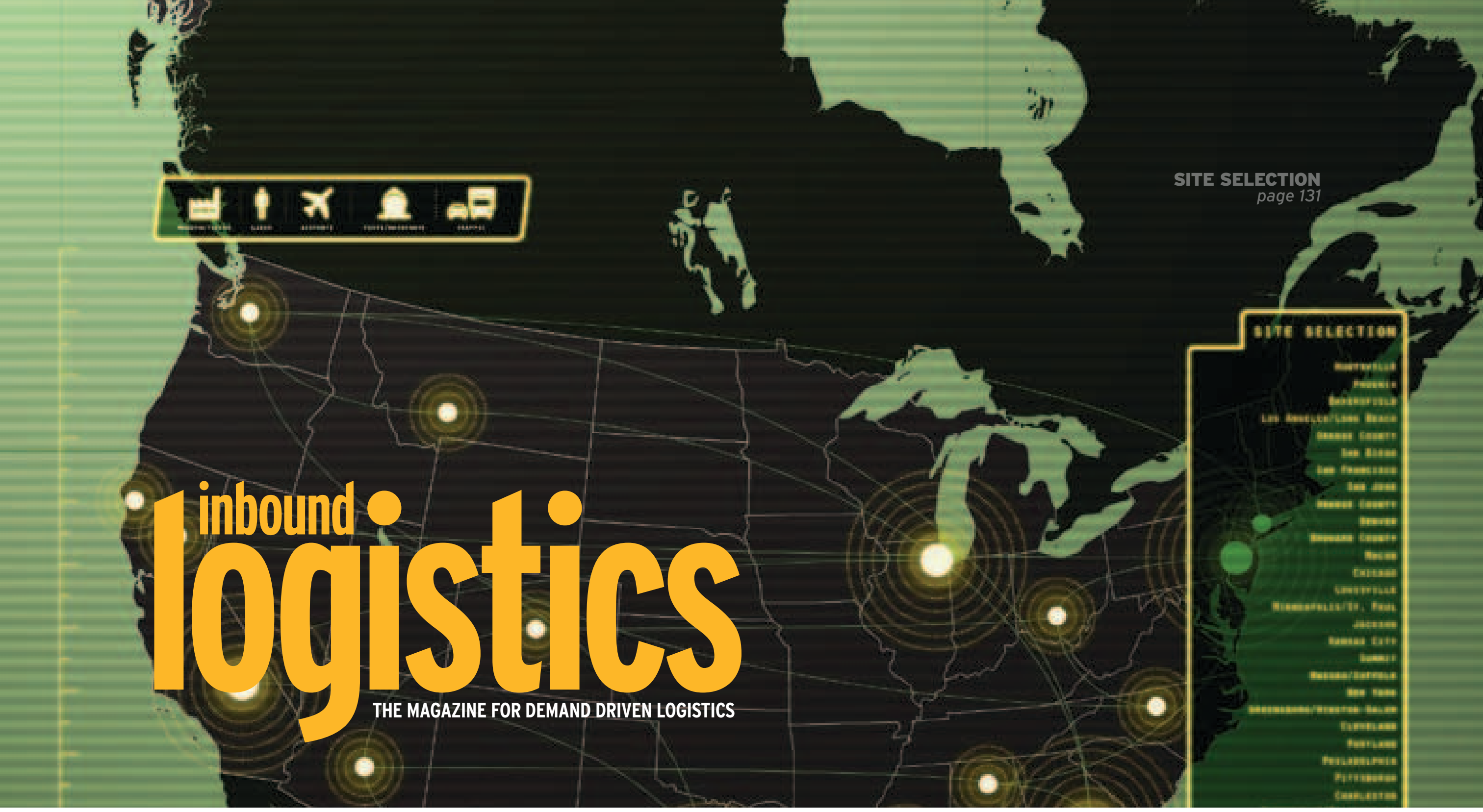

July 2011 • Vol. 31 • No. 7

INSIGHT

INPRACTICE

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INSIGHT

INDEPTH

INFO

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ON THE ROAD
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Want to become a Vantix agent?

CHECKINGIN

Keith Biondo

by Keith Biondo | **Publisher**

Using a 3PL: Are You Getting Your Money's Worth?

If you are using a 3PL for truck brokerage alone, you could be leaving money on the table. Why? Because logistics providers have evolved and developed an array of solutions that bring extra value to their customers.

Fuel price increases, stringent regulations, higher taxes, sustainability issues, and government labor intervention add costs to transportation. All carriers want to be competitive and gain your business. But at some point, there is a bottom to the pricing cuts that can be offered without driving themselves or their competitors out of business.

I'm reminded of this because I spent time reviewing thousands of comments submitted by readers and carriers as part of our *3PL Perspectives* research *(page 71)*. For example, one vice president of a large Midwestern carrier expressed this pointed opinion: "3PLs have ruined the business, and all ought to go out of business."

You can blame the messenger, but many shippers responding to our survey said they select logistics partners solely on their ability to secure trucking services at the lowest price. One traffic manager at a mid-size manufacturer said he did not use 3PLs because his prices were *always lower* than what they could secure. Did any of those respondents mention using a 3PL to manage an inbound program, to supply a TMS for overall route analysis, to analyze a logistics network from customers to vendors and back again, or to rationalize overall supply chain efficiency?

Nope. Those respondents focused purely on silo transactions, treating transport as a commodity, not as a pathway to increased enterprise efficiency or as a way to solidify customer relationships. Gaining transportation efficiency is the name of the game these days. But who says you can't play more than one game at a time, especially if the stakes are high?

Naturally, carriers' customers–whether intermediaries or shippers–will argue for price concessions. Perhaps that carrier VP thinks some 3PLs have the scale and technology to drive a harder bargain than individual shippers could. Or perhaps he believes that many shippers rely on intermediaries exclusively to drive transport costs down. There's evidence to support that. But at some point, it becomes a zero-sum game, and there is only so much blood you can squeeze from a stone.

As you'll see in the Top 100 3PLs listing *(page 88)*, many providers have expanded their value-added solutions. That means that customers using only the transactional solutions in their partner's portfolio have, to some extent, helped pay to initiate, implement, and build-out advanced logistics solutions and expertise that they are not using. Ironically, by not using those solutions, they leave that money and value on the table, too. ■

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CHECKINGIN

by Felecia Stratton | **Editor**

Close Encounters of the Third-Party Kind

There is no other issue in the transportation and logistics trade press that gets as up close and personal with the 3PL industry as *Inbound Logistics*' annual July issue. Our yearly compendium of outsourcing case studies, thought leadership, market research, and 3PL awards presents a thorough representation of the market from both shipper and service provider perspectives.

The 3PL industry is an integral part of today's supply chain, providing functional expertise and executable resources that deliver value to customers across countless industries. This issue documents the many ways 3PLs of all shapes and sizes are moving the outsourcing needle in different directions.

Here is a rundown of this month's featured content:

■ In *3PLs Save the Day (page 56)*, Merrill Douglas offers an inside look at how the 3PL industry is responding to extraordinary outsourcing demands by powering up their logistics and supply chain capabilities and enhancing customer service.

■ Amy Partridge's article *Does Size Matter? (page 111)* explores how smaller and more specialized Tier II logistics service providers are tailoring their capabilities to meet user demand. They are offering world-class solutions that are as good as their larger bretheren. If you're using a 3PL just for brokerage, as the publisher suggests on page 12, you may be leaving value on the table.

From case study-driven articles, we then direct our July content to empirical 3PL industry research and analysis:

■ *IL's* exclusive *3PL Perspectives* market insight report *(page 71)* solicits input from both 3PLs and 3PL users, then juxtaposes these points of view to provide a rich and robust overview of the trends that are impacting the logistics/supply chain outsourcing space.

■ Our annual Top 100 3PL Providers list *(page 88)* pulls the mask off logistics intermediaries that excel at what they do. This directory presents a diverse group of 3PLs that *IL* editors selected from 219 submitters. They represent the best the sector has to offer, reflecting a broad prism of transportation and logistics capabilities that match unique shipper demands.

■ Finally, the Top 10 Excellence Awards *(page 100)*, as voted by *Inbound Logistics* readers, celebrates leaders in the industry that are leaving few stones unturned as they look for new ways to deliver value to their customers. More than 5,000 shippers cast 10,270 votes for their favorite 3PLs this year—a testament to the growing importance of logistics service providers.

What role do you think 3PLs play in today's complex supply chain? Email: *editor@inboundlogistics.com* ■

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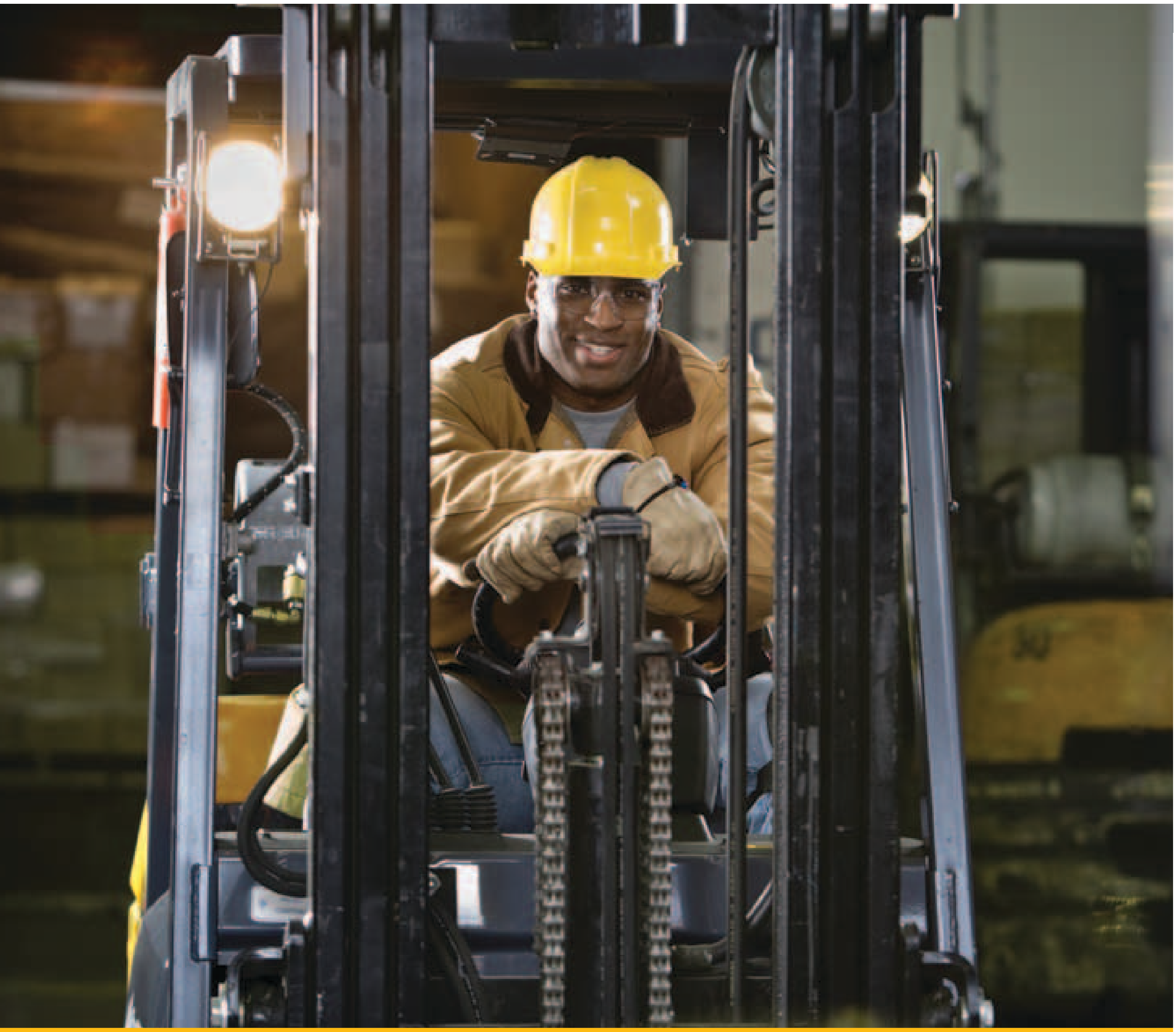
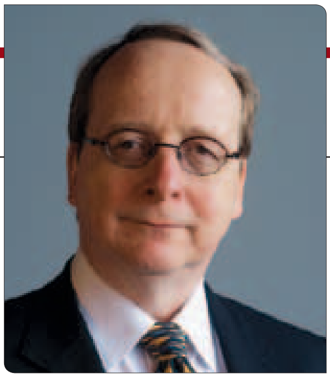




[INPERSPECTIVE]

BY PERRY A. TRUNICK
Associate Editor, *Inbound Logistics*
ptrunick@inboundlogistics.com

Lean on Me

Analyzing economic forecasts is like untangling spaghetti. But one thing is certain–recent economic trends are putting more pressure on supply chains.

Each year, when the Council of Supply Chain Management Professionals issues its *State of Logistics* report outlining the major economic forces and trends shaping logistics, my first impulse is to see in which direction the numbers are moving. This year is no different. But another significant story lies below the surface of those trend lines.

When Rosalyn Wilson presented the *State of Logistics* results at the National Press Club in Washington, D.C., on June 15, 2011, key discussions centered on capacity. The industry achieved near equilibrium in capacity and demand toward the end of 2010, said Wilson. From there, the outlook is for tighter capacity in most modes, except ocean freight. That trend should continue for a variety of reasons, and any sharp increases in demand could present problems for shippers.

When discussing motor carrier capacity and fleet sizes, Wilson noted that new truck purchases are up, but don't meet replacement demand. That won't add capacity over time. And with new regulations and anticipated rules changes, the problem may not be limited to seats, but finding drivers to put in them.

One constraint on the truck manufacturing segment speaks volumes for other supply chains. Most production and associated supply chains have been applying lean practices, reducing order volume and limiting safety stocks to avoid overbuilding. Truck manufacturers have experienced this effect through their supply chains and, in some cases, it has caused reliability problems. Other production operations have experienced disruptions as well, leading to slowing or closing manufacturing plants temporarily as supply issues are resolved.

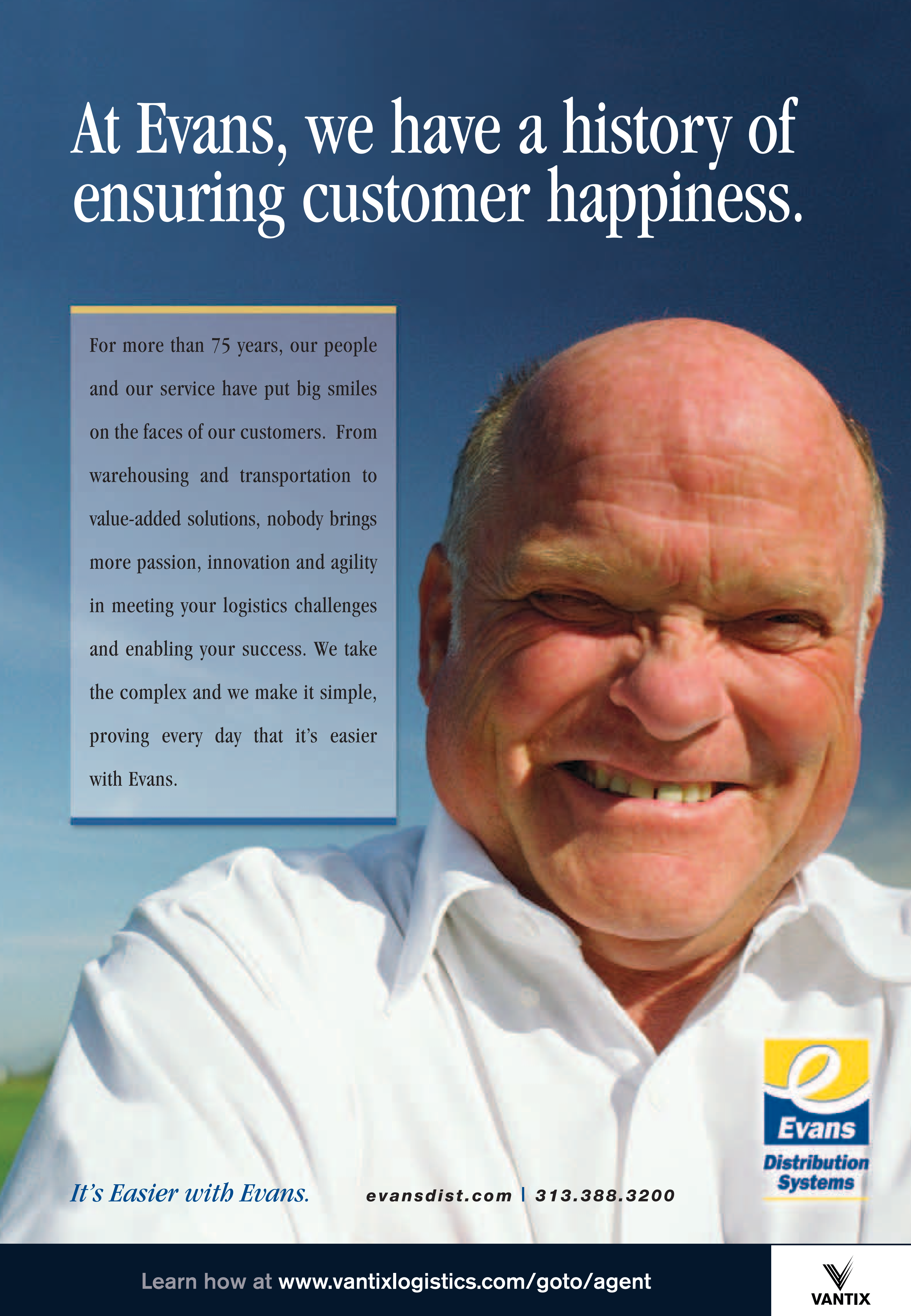
It can be difficult to separate inbound supply chain reliability issues caused by the disruptions from Japan's major disasters earlier this year from the ripple effect of leaner practices along the supply chain. The fact is, controlling costs by thinning out production and purchases makes sense–if you have the tools to do so effectively. Not every supply chain has the people, processes, and technology to avoid trouble.

Leaner production coupled with lower inventories requires greater attention to demand planning and a strong, responsive supply chain. One key to that responsive supply chain is closer collaboration with suppliers–sharing more details about your business and demand planning as it develops and changes. Suppliers will need strong planning systems of their own to ensure their response remains in line with your changing needs.

Many supply chains have successfully built systems and relationships with Tier I suppliers. But while some companies look at the relationships their suppliers have with the next tier up the chain, only a few actually develop relationships that deep into the supply chain. That approach may need to change.

As we ensure suppliers have the tools to meet our demands, we increasingly need to look at *their* suppliers to ensure they have the people, processes, and technology to keep pace with the demands passed through to them. This includes connections between suppliers. As transportation capacity tightens, it won't be sufficient to know that you can get a truck or rail slot when you need it. You'll need to know that your supply chain can get consistent, reliable, quality service.

When you go lean in your supply chain, you also lean more heavily on your partners. Make sure you know their capacity to support you. ■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10TIPS

STEP-BY-STEP SOLUTIONS

by Deborah Catalano Ruriani

Maneuvering Freight Through Challenging International Areas

Do your 2011 business plans include shipping to areas where civil unrest or natural disasters have occurred? If so, be flexible and make strong connections, advises Larry Wenrich, vice president, government sales for Lima, Pa.-based Pilot Freight Services. Here are his tips on shipping to and from difficult areas.

1 **Locate an airport with customs facilities.** Some transport managers assume all airports have customs officials to handle incoming freight, but this is not the case. The best solution may be shipping to the closest airport with customs facilities, then trucking your freight to its end location.

2 **Find a local agent you can trust.** You must rely on these individuals to transport your shipment and navigate the intricacies of working in their area. Make sure you're working with companies that are bonded and recognized by the local government.

3 **Ask for a full list of fees up front.** Legitimate agents will be open about all costs, fees, and taxes. Fees can vary greatly between companies and nations. Not signing off on this list in advance opens you up to being scammed.

4 **Communicate via email.** Email provides a paper trail if issues arise, and helps avoid "he said, she said" situations. If there is a language barrier, email is better than a phone call because it lends itself to quick translation.

5 **Pay attention to the weather.** Natural disasters have seriously impacted international shipping over the past few years. Stay current on international weather issues that might affect shipments. Keep in close contact with various airlines to see which ones are flying into trouble areas, and be flexible and creative in routing freight.

6 **Be flexible.** When shipping to areas such as China and the Middle East, you may encounter issues such as office closings due to local holidays. Plan for delays, especially if you are shipping to areas recently hit by natural disasters.

7 **Be aware of border issues.** The fastest way from Point A to Point B is not always a straight line. Relationships between countries can cause complications. For example, to move a shipment from Kenya to the Congo, you must route it through Europe, because no carrier flies between those two countries. These issues can exist even between European Union and non-EU countries. Just because borders touch, don't assume you can ship across them.

8 **Consider chartering flights.** When shipping to sensitive areas, it is often impossible to use commercial flights. For example, most freight moving to Iraq and Afghanistan is flown commercially to the United Arab Emirates, then moved via charter operators that fly to the necessary airports.

9 **Make sure your freight will be secure.** Limit yourself to using approved agents who have been vetted for stability and reliability. Get written confirmation that they will abide by Foreign Corrupt Practices Act standards, which are intended to prevent bribery and other forms of corruption. If you are working with a freight forwarder, make sure its agents comply with these requirements.

10 **Keep in touch.** Communicating frequently with trading partners is always important. But when freight moves across oceans, through several countries, and via multiple transport modes, there is more room for error, and a long window of time between freight acceptance and delivery. Make sure to keep all involved parties up to date on any issues or problems that arise.


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as told to Merrill Douglas

Ron Harris is chief logistics officer at Young Living Essential Oils, which grows, distills, produces, and markets essential oils created to promote good health. It also makes nutritional supplements and personal care items containing the oils.

RESPONSIBILITIES:

Manufacturing, purchasing, warehousing, distribution, transportation, facilities, and real estate.

EXPERIENCE:

Buyer, Chipman's & Taylor's; assistant buyer and department manager, Dayton's; director of store services and purchasing, store manager (2 stores), Joseph Magnin; operations manager (distribution center) and store manager, Mervyns; adjunct professor, Penn State University and Stevens Henager College; director of distribution, Boscov's; director of logistics, Greenbacks/All a Dollar.

EDUCATION:

Brigham Young University, B.A., Interpersonal and Speech Communications, 1975; Master of Organizational Behavior, retail emphasis, 1978

Ron Harris: Getting to the Essence

I ONCE HAD A BOSS WHO SAID, "THERE ARE NO MIRACLES IN business anymore–the only miracle is the application of common sense." A lot of details, managed carefully, add up to a successful venture. I've found that you can overcome most challenges by putting your shoulder to the wheel, keeping your head up, and pushing for improvement every day.

A subsequent boss talked about the need to keep juggling your tasks and not neglecting one responsibility at the expense of another. He said, "If you spend too long holding one ball to look at it, the others are going to hit you in the head." I've learned the wisdom of trying to anticipate all the possibilities and focus on the nuts and bolts of my responsibilities, even if I haven't been instructed to do so.

I've had many mentors, but the most notable is Carl Daniels. He was my peer at Joseph Magnin and later hired me at Boscov's. He invested countless hours coaching me on how to navigate the challenges associated with senior management.

In one situation, for example, we didn't know that an undercover police officer was working in our warehouse. We lost a dozen receiving employees to

The Big Questions

What special challenges do you face in your work?
International expansion. In some of the newly opened countries where we're growing rapidly, the transportation and distribution networks aren't as mature as in the United States. We have to figure out how to work with the available infrastructure.

What recent accomplishment makes you proud?
We renegotiated our domestic third-party small parcel carrier contract, saving the company more than $5 million over three years. I'm also proud of the state-of-the-art production and warehouse facility Young Living opened in 2007, which—without using any unnecessary technology—is planned for expansion to support five or six times our current volume.

How do you recharge your batteries?
I work out and run several times a week. I play golf—poorly—and I'm trying to improve my skiing. And I'm working on my Bucket List. So far, I've learned to scuba dive, and I'm restoring a classic car. Also, while teaching business courses as an adjunct professor, I developed some career advice for my students that I'm turning into a book manuscript.

What's still left on your Bucket List?
Learning to play the drums and paint with watercolors.

a drug bust—just as all the holiday merchandise was arriving. In an area that received 40 trailers a day, where it took six weeks to train an employee on the basics of the job, almost half the staff was gone.

Carl called the company president to ask why he didn't warn us about the drug bust so we could develop a contingency plan. "Now that we're in this bind, I don't want any phone calls for the next three months asking why we're behind in receiving," Carl said. "We didn't create this situation, and you need to support us so we can recover." I learned a valuable lesson that day about how to deal with a crisis you inherit.

I've also learned over the years how disappointment can lead to new opportunities. One of my most difficult periods started when Carl left Boscov's. I expected to fill his position; instead, Boscov's hired someone from outside.

Then I went to a successful start-up at Greenbacks/All a Dollar, where I anticipated becoming a vice president. But Dollar Tree moved to acquire the company, and all positions were frozen.

After I left Greenbacks, I found myself interviewing for the kinds of jobs I had pursued in my late 20s, just to get back to work. When I came to Young Living, I took a pay cut, but I gained the chance to try some things I'd never done before and to prove my worth.

I was promoted to vice president and, a few years later, to chief logistics officer. I love working for a company whose mission is to make a difference in people's lives, and I'm ahead of where I would have been elsewhere.

It's the best job I've ever had, the position I'd been seeking throughout my whole career. And it wasn't until I'd had some major setbacks that I achieved it. ■

NOTED

THE SUPPLY CHAIN IN BRIEF

GREEN SEEDS

▲ **FedEx Express** continues its holistic approach to fuel efficiency by significantly expanding its fleet of lower-polluting, energy-efficient vehicles. Within the next few months, FedEx Express will place 24 new all-electric vehicles *(above)* into service, expanding to three new cities and more than doubling its fleet to 43 all-electric vehicles while growing the diversity of its electric vehicles suppliers. At the same time, FedEx Express will add more hybrid-electrics, using composite vehicles and upgrading more than one-tenth of its conventional vehicle fleet to more energy-efficient vehicles.

A pioneer in developing and providing eco-containers for shippers, the **CMA CGM Group** has acquired 18,000 new units, bringing its eco-container fleet to nearly 140,000 TEUs.

CSX introduced a new ultra-low emissions GenSet locomotive at its Selkirk, N.Y., railyard. The locomotive was jointly funded by the U.S. Environmental Protection Agency and CSX.

UP THE CHAIN

Steven Sterling joined **Kellogg Company** as senior vice president, global supply chain, and serves as a member of the company's executive leadership team. Most recently, he served as group vice president, operations, for Frito-Lay.

Brewing company **Carlsberg** appointed **Peter Ernsting** senior vice president, group supply chain. Ernsting was previously chairman of the Unilever Supply Chain Company AG, where he led the company's European supply chain.

Adams Magnetic Products Co. appointed **John Cosmas** as chief operating officer. In this newly created position, he oversees business practices and policies, including international supply chain management. Prior to joining Adams, Cosmas served as PCTEL Inc.'s Antenna Products Group's vice president of operations and global supply chain management.

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What company does Samsung count on for its distribution and transportation services?

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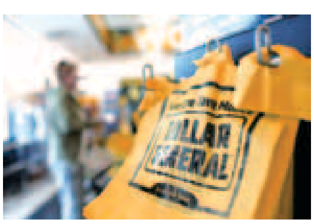
SPS Commerce, an on-demand supply chain management solutions provider, has acquired **Direct EDI,** a provider of cloud-based integration solutions. Subscribers to SPSCommerce.net and Direct EDI's services will benefit from expanded operations to support e-commerce and traditional retail supply chains, and a stronger investment in research and development with the addition of Direct EDI's development center in the Ukraine.

Echo Global Logistics Inc., a technology-driven transportation management company, has acquired the assets of **Advantage Transport Inc.,** a truckload transportation brokerage firm based in Phoenix, Ariz. Echo has retained the entire Advantage Transport workforce in connection with the acquisition. The company will do business as Echo Global Logistics.

SEALED DEALS

Weber Logistics has signed a multi-year contract with **Topco Associates** to warehouse and distribute specialized products to its West Coast member-owners. Under the new contract, Weber manages roughly 2,000 SKUs for a variety of products, including specialized grocery, general merchandise, and home beauty care. Weber stores Topco's products at its newly expanded Stockton, Calif., facility, and performs order fulfillment, labeling, and outbound transportation for Topco's West Coast member-owners.



Real estate developer **Clayco** has been selected to build a new regional distribution center for **Dollar General** in Bessemer, Ala. The facility will service 1,100 Dollar General stores throughout the region. The $56-million project includes the construction of nearly one million square feet of warehouse and office space, as well as a truck maintenance facility.

Regeneca International Inc., which produces dietary supplements formulated from drug-free natural ingredients, has chosen **LAVA Supply Chain Solutions** to provide third-party logistics services, including warehousing and order fulfillment.

recognition

◀ **Veyance Technologies** was named the winner in the Manufacturer category during the seventh annual **Polk Inventory Efficiency Awards.** Veyance, a Goodyear Engineered Products manufacturer, won the award for a supply chain reorganization that saved nearly $25 million annually in logistics costs and inventory inflations for the aftermarket.

Ocean World Lines (OWL), a global, single-source NVOCC and subsidiary of Pacer International, received the **President's "E" Award** for outstanding contribution to U.S. exports awarded by the U.S. Department of Commerce. The honor is given by the U.S. government to companies that facilitate export trade and contribute to U.S. job growth and competitiveness.

H.C. Starck, a global supplier of refractory metals and technical ceramics, received the **Sony Green Partner Certification** at its fabricated products site in Coldwater, Mich. The certification allows the company's materials to be used in components for products bearing the electronic manufacturer's name. Becoming a qualified partner means H.C. Starck is a preferred supplier to Sony and a supplier to other companies seeking Green Partner sources for their products.

Spin Master, the third-largest toy company in North America, named **Regal Logistics** its **3PL of the Year.** Regal Logistics operates Spin Master's primary North American warehouse and provides supply chain management, warehousing, transportation, distribution, value-added, and information technology services to the toy manufacturer.

MillerCoors recognized **TTS** with its **2010 Transportation and Logistics Supplier of the Year** award for going above and beyond in areas such as quality, customer service, competitive cost, safety, corporate responsibility, and innovation.

An open letter to our customers and all **Inbound Logistics** readers

Thank You For Voting Us A Top 10 3PL

From all us at BNSF Logistics, I want to thank you for recently voting us a **top 10 third party logistics provider** for the 8th consecutive year. It truly means a lot to us.

We appreciate your feedback, and we believe our new tagline reflects that. You've told us what we do well, but we are continually striving to improve upon what you told us you value most – proactive customer service. That is the basis for our new tagline:

"Yeah, We Can Do That."

This new tagline is more than just that – it is our internal mantra to remind ourselves that we need to deliver our service your way. This is a short, concise way to underline in our minds, day in and day out, that we cannot rest on our laurels. You have our commitment that we will keep innovating, anticipating and implementing proactively on your behalf. There isn't a client we do business with today that does not have rapidly changing needs. A key part of our culture at BNSF Logistics is to figure out what those needs are and propose solutions to help your business before you even ask.

For those of you who do business with us today, this is nothing new. Our people have always been thorough in their analysis, creative with their recommendations, swift in their personalized execution, and proactive in finding ways to continually improve. One example is our unique ability to blend solutions across multiple modes. This is especially true when the best solution for our customer calls for rail/truck or ocean/rail/truck combinations. We make these types of combinations with shipments that have some of most challenging sizes, shapes, and weight characteristics in the world. The people at BNSF Logistics are always up for taking on challenges created by things like diminishing truckload and driver capacity, changes in ocean freight capacity and containers, and any number of new challenges that will inevitably come along in the future.

Our team really does thrive on a challenge, whether it is optimizing and blending modes or just providing the best value for needs within your supply chain. With us, the answer you will get more times than not is, "Yeah, we can do that."

Sincerely,

Ray Greer
President, BNSF Logistics

BNSF LOGISTICS™
Yeah, We Can Do That.

[INFOCUS]

TRENDS

SHAPING THE FUTURE OF LOGISTICS

THE 2011 STATE OF LOGISTICS REPORT:

Logistics Sector Faces a Tough Haul

By Joseph O'Reilly and Perry A. Trunick

The U.S. economy's road to recovery during 2011 is like occupational therapy: filled with hard work and occasional setbacks. For the logistics sector, the therapy also involves higher costs and tighter capacity.

Business logistics costs rose 10.4 percent in 2010, making up more than half the 2009 decline, according to the 22nd annual *State of Logistics* report, released by the Council of Supply Chain Management Professionals with the support of Penske Logistics. The report indicates U.S. logistics costs reached $1.2 trillion in 2010, up $114 billion from 2009.

Transportation costs took a big jump, up 10.3 percent overall. Motor carriage, which comprises 78 percent of the transportation segment, rose 9.3 percent, while air, rail, water, and pipeline increased by 15.4 percent in the same period.

"Volumes firmed up early in 2010, but dropped off in the second half," said Rosalyn Wilson, author of the *State of*

Logistics report, during a presentation in June 2011 at the National Press Club in Washington, D.C. "Demand for capacity began to equalize, with available capacity in many sectors, but rates continued to be constrained," she noted.

Higher freight volumes, fuel surcharges, and "genuine rate increases" for some modes accounted for the rise in transportation costs. Wilson described the freight volume increases as "unsteady," exhibiting a number of spikes in monthly tonnage.

The good news is, both equipment and labor capacity were able to meet demand. Foreshadowing a discussion of future capacity constraints, Wilson noted capacity and demand came close to reaching equilibrium in 2010.

"The recovery is not being felt evenly throughout the economy, and 2010 did little to shore up precarious carriers hoping to be rescued by a resurgence in the economy," she noted.

"Most of the laid-up capacity has returned to the market, with the notable exception of ocean carriers," Wilson reported. Ocean carriers did, however, take delivery of a large number of newbuild containerships over the past 18 months, essentially doubling industry capacity.

Despite the fact that ocean traffic through U.S. ports contracted in 2010, freight costs for U.S. shippers and consignees rose 14.1 percent. Ocean shipping rates rose significantly from 2009 through August 2010, when weakening demand prompted some carriers in the trans-Pacific trades to seek more volume by reducing spot rates. Spot rates dropped between 40 and 50 percent through the fourth quarter of 2010 and into 2011.

In addition, some carriers responded to shipper demands for rate adjustments for "slow steaming", which ocean carriers do to cut fuel consumption.

On the inland waterways side, revenue ton-miles on the Great Lakes posted a 33.4-percent gain in 2010, mostly on iron ore shipments.

> "2010 did little to shore up **precarious carriers hoping to be rescued** by an economic resurgence."
>
> **–Rosalyn Wilson,** author, *State of Logistics*

The motor carrier sector struggled to cover costs–especially fuel–driving a 9.5-percent increase in shipper costs for intercity trucking and an 8.8-percent jump for local delivery. Overall, tonnage increased 5.7 percent in 2010, nowhere near the declines of prior years. For most of the year, motor carriers had more than enough capacity to cover volumes and increases.

THE STATE OF LOGISTICS 2011:

For What It's Worth

(in $U.S. billions, except where noted)

CARRYING COSTS ($2.064 Trillion, All Business Inventory)	
Interest	$4
Taxes, Obsolescence, Depreciation, Insurance	$280
Warehousing	$112
SUBTOTAL:	**$396**
TRANSPORTATION COSTS	
Motor Carriers:	
Truck–Intercity	$403
Truck–Local	$189
SUBTOTAL:	**$592**
Other Carriers:	
Railroads	$60
Water	
INTERNATIONAL	$28
DOMESTIC	$5
Oil Pipelines	$10
Air	
INTERNATIONAL	$17
DOMESTIC	$16
Forwarders	$32
SUBTOTAL:	**$168**
SHIPPER-RELATED COSTS	**$9**
LOGISTICS ADMINISTRATION	**$47**
TOTAL LOGISTICS COST	**$1,211**

SOURCE: 2011 *State of Logistics* report

Longer term, capacity promises to be an issue for the motor freight industry. Since 2006, 16 percent of capacity has been permanently removed from the sector, and volumes are expected to rebound faster than the sector's ability to add capacity.

During the past two years, the number of tractors declined 9.8 percent and, even though carriers increased orders in 2010, new-truck orders still fell below the normal replacement rate. Tight credit, the high cost of new Class 8 trucks (up 25 percent in five years), and higher lifecycle costs associated with the new tractors made investment more difficult.

Motor carriers held on to trucks longer, or they scrapped vehicles and delayed replacement. In addition, the category of carriers with five or more trucks experienced 3,000 bankruptcies, resulting in a 13-percent loss of industry capacity.

The trucking industry also experienced the largest decline in workforce among the logistics categories, and drivers will become a limiting factor in truck capacity.

Driver turnover rates are spiking, said Wilson, as drivers chase higher pay and better working conditions. And, 42 percent of fleets responding to a fleet sentiment report by CK Commercial Vehicle Research, say they are having problems filling empty seats, limiting the number of new units they can add to their fleets. Another 32 percent of respondents say they aren't having problems filling seats, but expect problems later in the year.

Based on the rail cost figures tracked in the *State of Logistics* report, U.S.


Treading lightly

railroads made up for 2009 declines. The cost of rail transportation was up 20.1 percent in 2010, after dropping 20 percent the year before. Driving the higher costs were a 7.3-percent increase in carloadings and a 14.2-percent increase in rail intermodal use. These are the largest annual increases since 1988, the earliest year for which comparable data is available, said Wilson.

Carload volumes had dropped 16 percent in 2009, and intermodal dropped by 14 percent, the "largest annual percentage declines in history," she said.

The capacity situation for rails looks decidedly different than for trucking. When it comes to infrastructure, equipment, and personnel, "railroads are in good shape," Wilson noted.

Class I railroads continued to invest in new capital projects through the recession. And since volumes have returned, much of the idled equipment and staff have resumed active service. For example, railroads returned 132,284 railcars to service in 2010, leaving 318,271 cars (20.8 percent of the fleet) idle. In good economic times, two to three percent of fleets stay idle, according to Association of American Railroads estimates.

Author Rosalyn Wilson delivers the *State of Logistics* report findings, which benchmark U.S. logistics activity.

Photo courtesy of Penske Logistics

During the downturn, airlines decommissioned and removed aircraft from their fleets, reducing capacity by 12 percent. Though much of the air freight that could move by ocean was back on the water by mid-year, airfreight revenues increased 11.2 percent in 2010.

From a long-term view, the past 20 years have shown a 45-percent decline in inventory carrying costs as a percentage of gross domestic product (GDP). Transportation costs, also viewed as a percentage of GDP, are down 13 percent for the same period. Most of that transportation drop was since 2000, Wilson noted.

In 2010, as before the downturn, logistics costs grew faster than GDP (which did grow in 2010). Wilson said she expected that trend to continue, and that logistics costs will grow faster than GDP for the next several years.

Calling the state of the economy "still fragile," Wilson noted that with trucking capacity nearing or reaching equilibrium in 2010, the market balance is shifting in favor of carriers. Carriers reported profits in the first quarter of 2011, and, with attrition continuing to remove capacity at a slower rate than from 2009 to 2010, there is bound to be a shortfall in the number of trucks available.

One root cause is limitations on truck manufacturers resulting from tight capital and lean inventories throughout their parts supply chain. The degree of the shortfall will likely depend on how fast volumes increase.

Freight spend is higher among shippers, said Wilson, but part of this is due to fuel surcharges and increased freight volumes over the prior period. Rates are inching up, and shippers may be able to hold close to current rates until the capacity crunch grows worse.

"We went into the recession with a driver shortage and capacity constraints," she said. "We will come out with an exacerbated driver shortage and a more severe capacity crunch."

Motor carriers are becoming more selective about the shippers they will haul freight for, and Wilson said she expects this will become a more common practice. Her conclusion: The economic recovery will be all about relationships.

– Perry A. Trunick

From Thinking to Execution

Has the era of supply chain collaboration finally begun? That was the question explored during Manhattan Associates' *Momentum* conference in San Diego, May 22-25, 2011.

"The time has come for a supply chain process platform – the ability to see and act across a network without risking unforeseen consequences," said Pete Sinisgalli, president and CEO of Atlanta-based logistics IT provider Manhattan Associates, in his opening remarks. It's a noble sentiment, but is the supply chain ready for it?

A unified platform can simplify complexities and improve the ability to execute, he said.

Presentations during the two-day

conference illustrated the progress Manhattan Associates customers are making as they work toward a unified supply chain platform. Their results bear out the value of the effort required to reach their goals. But, has any company truly put their customers at the center of their supply chain, as Sinisgalli described?

These early efforts in supply chain integration-supported execution take time, miles, and inventory out of the supply chain, noted Ed Capel, COO of Manhattan Associates, and support the goal of continually taking out costs.

The developing trend is to support expansion, which includes multichannel and multi-echelon order orchestration, he added. In simpler terms: bring in more revenue while reducing costs. Visibility to the impact of one on the other—how higher revenues affect costs, and vice versa—has been missing.

"Problems occur when retailers don't know what promises they can and can't make," said Capel. Those problems trace back to visibility, such as knowing what inventory is available to promise when an item is not in stock. But it also extends to the cost to serve, a concept that MIT Professor Jonathan Byrnes described in his presentation as a "revolution in supply chain finance."

A large percentage of any company's business is actually unprofitable, and the profitable portion is left to support those accounts and deliver bottom-line profits, Byrnes suggested. Companies need visibility into the cost to serve all accounts so they can cultivate the best, most profitable accounts and make the unprofitable accounts profitable. That can mean providing a different level of service to different types of accounts. The best accounts will be those that are not only profitable, but also best at collaborating.

Companies need to look beyond the scope of the enterprise, said Byrnes. In this way, it is possible to

T&L M&A Activity Growing

Buoyed by strengthening capital markets, growing interest from financial investors, and stronger corporate balance sheets, the transportation and logistics sector is poised to reach robust levels of deal flow during 2011, according to PwC's *Intersections*, a quarterly analysis of global merger and acquisition (M&A) activity.

The number of transportation and logistics sector deals with value greater than $50 million was flat, increasing by one transaction to 37 deals in the first quarter of 2011, compared with 36 in the same period of 2010. While 2011 first-quarter deal value declined to $8.2 billion from $17.3 billion during the first quarter of 2010—primarily due to a lack of mega-deals—2011 is off to a similar pace as last year in terms of deal volume.

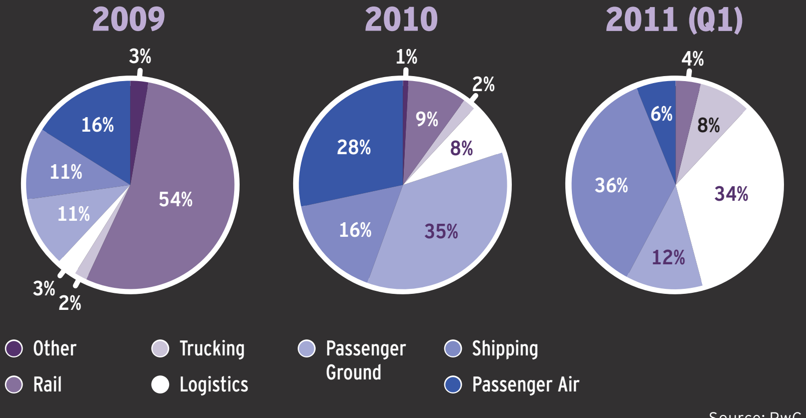
"First-quarter deal activity was largely driven by smaller deals, as transportation and logistics companies concentrated on consolidating local markets," says Kenneth Evans, U.S. transportation and logistics leader for PwC, a London-headquartered professional services company. "Strategic acquirers have shifted their focus from internal initiatives—bolstering balance sheets and increasing their cash positions—to executing on M&A strategies to help drive growth."

Shipping and logistics targets led contract activity, contributing four of the five largest deals announced in the first quarter and 70 percent of total deal value. PwC expects interest in shipping to continue due to lingering concerns about overcapacity as demand recovers, while improved airline profitability could increase the regulatory hurdle for getting passenger air deals in Western markets approved.

Activity in transportation infrastructure was also a key theme that carried through from the fourth quarter of 2010, as the largest deal of the year so far—the $932-million acquisition of Forth Ports by Arcus Infrastructure Partners—was in this sector. Interest in transportation infrastructure assets will continue as a potential driver for future mega-deal activity due to their predictable returns and the potential to use privatization to address fiscal pressures, says PwC.

Deals by transportation & logistics mode

Measured by value of deals worth $50 million or more



Source: PwC

drive cost savings farther along the supply chain, helping customers and suppliers to improve their own efficiency and performance.

Byrnes focused on growing the customers he described as "islands of profit." The economics of supply chain management are so compelling that change will happen, he noted, and encouraged partnering with counterparts in customer companies, and helping to manage change within the customer company as well. It's not an approach for the faint of heart, but it does build on the platform nature of the supply chain Sinisgalli described.

Manhattan Associates' development process mirrors the evolution of what it recognizes as platform thinking in the supply chain. Technology suppliers first offered an assembly of products that were probably not integrated, said Capel. Then, they produced suites of solutions with some integration and a common look and feel. Ultimately, Manhattan Associates identified its direction: all solutions on a common platform, providing database optimization as applications "contemplate" each other.

SWITCHING CHANNELS

Manhattan's retailer users are looking at cross-channel and merged-channel distribution, and the need for cross-channel inventory planning, for example. But for the customer, there is no difference between brick-and-mortar and e-channels.

If Manhattan has timed the development of its tools correctly, it is moving from platform thinking to platform execution in parallel with some companies leading in supply chain execution.

Grocery chain Giant Eagle is one example. Platform execution can mean "seeing and thinking outside ordinary industry paradigms," said Larry Baldauf, Giant Eagle's senior vice president of supply chain.

Reaching beyond the enterprise walls of Giant Eagle required some risk, said Baldauf. But, it mostly took leadership to move people from where they were to where they had never been. At the heart of the change was a shared strategic vision, a willingness to experiment, and a demonstrable business value.

Platform thinking and the tools to perform under that model are evolving in parallel. While there are bound to be some gaps in the organization structure, tools, or both, at this stage, the move to closer collaboration and a more responsive supply chain is clearly underway.

– Perry A. Trunick

Transport Center On Georgia's Mind

Georgia plans to appropriate a federal transportation center and $2.25 million in annual funding from the state of Tennessee, announced Georgia Governor Nathan Dean at the Georgia Logistics Summit in May 2011.

The center, due for renewal on the basis of competitive applications, would capitalize on Georgia's location and dedicate faculty to study transportation issues and publish reports showing how certain concepts could improve transportation.

Georgia will use a grant from the Woodruff Foundation to prepare an application for one of the 14 regional University Transportation Centers. If successful, the state will house the center at Georgia Tech, but it will coordinate with the University of Georgia, Georgia Southern, and other institutions.

Locating the center in Georgia gives the state an opportunity to drive federal transportation policy. The U.S. Department of Transportation recently announced it is creating policy offices for freight and to coordinate with the U.S. Army Corps of Engineers, which has authority over the country's waterways.

A Georgia center could also influence surrounding states. Because Georgia's ports and airports ship cargo and passengers from other parts of the country, their growth could be hindered by transportation weaknesses in neighboring states.

The state will have to match the federal grant with either state or private money from sources yet to be identified.

e-Commerce Races Across Borders

As U.S businesses explore new channels to sell product into new markets, package-shipping companies such as FedEx and UPS are forecasting a surge in international online retailing. Cross-border e-commerce is expected to account for more than half of the online retail sector within two years, but an estimated 50 percent of U.S. retailers do not currently sell anything internationally over the Internet. So the race is on.

As a consequence, expediters see an opportunity to help retailers and e-tailers capture new markets and are expanding services such as currency conversion, customs clearance, and international warehousing, in addition to moving freight.

Expedited carriers hope to cash in on international online retailing growth.

The Amazon effect is beginning to radiate out to smaller companies and beyond U.S. borders to new consuming populations, according to industry observers. Transportation providers with a global presence are bundling value-added logistics and technology capabilities to provide customers with a total solution.

Internet retail sales worldwide are projected to reach about $489 billion next year, from about $315 billion in 2009, according to figures compiled by FedEx, with nearly 70 percent of the growth occurring outside the United States.

Levi's Extends Terms of Engagement

The growing importance of sustainability initiatives and corporate responsibility has encouraged companies to expand compliance requirements to vendors and supply chain partners.

For example, Levi Strauss recently announced new supply chain terms of engagement aimed at stepping up commitments put in place 20 years ago to bring suppliers in line with its labor, health, and safety directives, and environmental principles.

"This new standard isn't just for apparel companies; it establishes a new, higher set of expectations that investors, activists, and governments should all promote," noted John Anderson, Levi's president, at the 2011 Ceres Conference in California. Ceres is a nonprofit organization that works with companies to address sustainability challenges.

From an environmental perspective, San Francisco-based Levi's has been stewarding change within its supply chain. The process of manufacturing jeans is resource-intensive, requiring up to 10 industrial washes during the finishing process. Working with its design team, Levi's was able to engineer a new process for stonewashing jeans without using water. For some product styles, the company has reduced water usage by 96 percent.

"In the broadest sense, our terms of engagement worked in ways bigger than we ever imagined," Anderson said. "Not only did more than 90 percent of our suppliers accept them, we discovered that we'd set a new standard.

"Before long, our terms of engagement became the new normal," he added. "Almost every apparel company with a global supply chain established their own version."

Michelin, Charleston Kick Tires On New Logistics Program

The College of Charleston's School of Business is working with Greenville, S.C.-based tire manufacturer Michelin North America to develop an online professional development program focusing on global logistics and transportation.

The college's goal is to eventually turn the program into a comprehensive logistics professional development program open to any business, education, or government entity operating or looking to operate in South Carolina or use the Port of Charleston.

For the first two years, beginning in January 2012, faculty will work with Michelin employees and affiliates to build a virtual training course. The program will focus on four general topics: import/export documentation; the Port of Charleston and U.S. Customs; regulations and pricing; and operations. The curriculum can expand as Michelin uses the program.

The School of Business already offers a non-credit intermodal transportation training course, which takes place in a classroom one evening a week for two semesters and is open to all professionals. That course will continue locally even after the school launches the online training course.

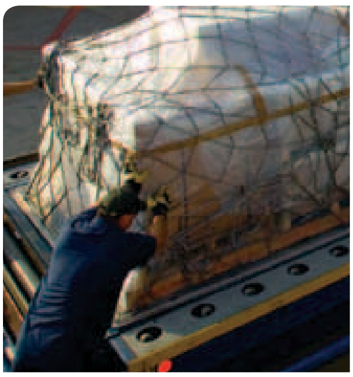
The partnership with Michelin also includes an internship program and post-graduation job placements at Michelin for College of Charleston students studying global logistics. ■

Michelin tirelessly invests in professional logistics and transportation development for employees and affiliates.

GLOBAL

THE WORLD AT A GLANCE

by Joseph O'Reilly



JAL and AA Cargo Go Hawaiian

A recent agreement between Japan Airlines and American Airlines to work more closely and collaboratively together in the interest of strengthening their respective international cargo operations could have an intriguing side effect for Hawaiian air cargo prospects.

The objective of the partnership is to provide cargo customers with more routing choices, new destinations, and increased capacity through more effective use of both airlines' combined worldwide network. So Japan Airlines and American have begun using Los Angeles, Chicago, Dallas/Fort Worth, New York, and Honolulu as key transfer points for cargo traffic in the United States; and Tokyo, Osaka, and Nagoya as transfer points in Japan.

The agreement enhances the significance of Honolulu as an important hub for cargo moving between Asia and the Americas.

Indian 3PL Outsources Education

Chennai, India-based TVS Logistics is collaborating with the University of Michigan as part of a three-year program intended to fine-tune the skills of its senior and middle-level executives.

Thirty members of management working across various functions will be trained in areas such as logistics and supply chain management and achieve the equivalent of a master's degree. The program's objective is to redefine the collective skills of TVS executives while empowering individual capabilities.

North Korea, China: Comrades in Trade

North Korea's economic prospects have been in dire straits as a consequence of myriad trade sanctions and its own policy of isolationism. But it does have one close ally. As eastern China becomes increasingly saturated, North Korea offers a relatively undeveloped coastline, as well as an abundance of natural resources and cheap labor.

In 2010, China accounted for 83 percent of North Korea's $4.2 billion in international commerce, according to the Seoul-based Korea Trade-Investment Promotion Agency. In 2005, it was 53 percent.

More recently, the two countries agreed to repair a key logistics road along their shared border, the latest sign of increasing economic cooperation. The infrastructure fix, which links the Chinese city of Hunchun to the North Korean port of Rajin (located in Rason), comes three years after Beijing secured the right to use the port as an export route to other countries. China is seeking to turn the port area into an international logistics hub.

North Korea designated Rason as a special economic zone in 1991 and has tried with little success to develop it into a regional transport hub near the convergence of China and Russia.

Heinz Consolidates Global Distribution

The company that made 57 varieties famous is opting for a little less variety in its global distribution network. H.J. Heinz Company recently outlined plans to establish a centralized European supply chain hub in 2012 as part of an ambitious efficiency program. The food giant says it will invest approximately $160 million in initiatives to increase manufacturing efficiency and accelerate global productivity.

The plan includes exiting five factories–two in Europe, two in the United States, and one in the Pacific–leaving Heinz with 76 factories globally. In addition, the company will establish a European supply chain hub in The Netherlands to consolidate and centrally lead procurement, manufacturing, logistics, and inventory control.

This BUD's For EU

Things are looking up for Eastern Europe with the expected completion of Budapest Airport's ambitious new BUD Cargo City in 2012. The vision is to develop the airport into the region's largest and most efficient air cargo and logistics hub within an integrated commercial zone.

Construction of the first two new cargo terminals at Budapest Airport is ongoing. The initial phase will provide 72,000 square feet of cargo and warehouse space, and 26,000 square feet of offices. A total of 12 cargo terminals are planned to run along the length of Runway 2, with build-out capacity of 460,000 square feet.

With strong economic growth expected to continue in central, eastern, and southeastern Europe for the foreseeable future, BUD Cargo City will provide a world-class air logistics facility to enable high-tech and high-value industries to connect efficiently with international supply chains and markets, encouraging more of these kinds of companies to locate close to the airport.

The airfreight component is also essential for the development of other export-oriented industries that are important to the Hungarian national and regional economies, such as the life sciences and pharmaceutical sectors, where delivery speed is critical.

Currently, 70 percent of freight moving into the airport travels on freighters–a high percentage for European airports. But much of the cargo volume into Budapest is then trucked elsewhere to connect with long-haul flights. With the development of additional cargo facilities, Budapest Airport will likely target more inbound freighter volume from Asia.

▼ **Budapest Airport's ambitious new Cargo City development plans have been well-received by the logistics sector.**

Logistics as Economic Bellwether

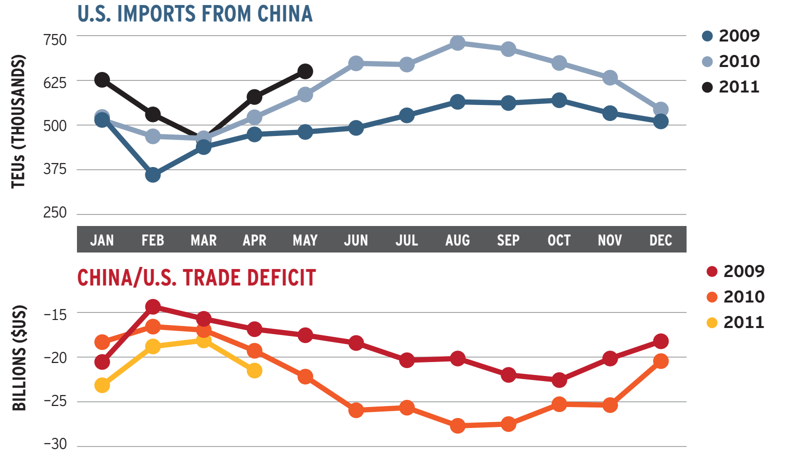
After predicting the United Kingdom's high street slump in May 2011, Hellmann Worldwide Logistics UK has concluded that logistics is an accurate barometer for measuring the economic climate.

In April 2011, the 3PL saw a 22-percent drop in import tonnage. Consequently, the British Retail Consortium reported a 2.1-percent sales decrease in May. With import tonnage a direct reflection of high street activity, and ocean freight volumes picking back up throughout May as retailers replenish stock levels, Hellmann forecasts that the coming months will likely be more positive. [ ]

China Patterns

Source: Zepol Corporation

U.S. imports from China took a dive in Q1 2011, a typical trend after the holidays. In terms of TEU volume, Q1 was up five percent from Q1 2010, and nearly 20 percent from Q1 2009.



LOGISTICS knowledgebase

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3PL Capability is Key to Logistics Cost Reduction

Logistics, inventory and transportation costs continue to climb, according to the 2011 State of Logistics Report released by the Council of Supply Chain Management Professionals (CSCMP). Although overall economic conditions improved slightly in 2010, internal supply chains continue to account for double-digit cost increases.

Materials, labor and fuel are contributing factors, but the impact of rising overseas production costs, continuing product proliferation and more stringent regulatory requirements cannot be overstated. In many cases, companies are finding that additional investment is required to remain competitive. However, building an extensive in-house logistics infrastructure only adds to existing pressure on the bottom line.

Investing in outside services is more cost effective than pouring money into areas that are not core competencies. Capable third-party logistics (3PL) providers can help you manage rising logistics costs because they already have highly developed processes and critical infrastructures in place.

Companies must remain vigilant in their search for a capable 3PL. Now is not the time to risk parts shortages, substandard product quality or delivery errors. Fortunately, there are several clues that point the way toward a 3PL provider that can reduce your costs while still exceeding your most demanding quality, service and delivery goals.

FLEXIBLE, CUSTOM APPROACH

A provider truly concerned with reducing your costs will have a custom, diagnostic approach. It won't try to force you into an existing network or insist on pre-packaged solutions to maximize its own returns.

At **Comprehensive Logistics Inc. (CLI)**, our Transportation Management business unit focuses exclusively on freight-cost reduction. Our custom program development begins with an analysis of your existing state and a "clean slate" of ideas for improvement. Although execution is tactical and supported by web-based technology, our programs are aimed at delivering strategic cost reduction.

CLI's supply chain management and warehousing services are just as flexible. Since we are a non-asset-based provider, our programs aren't influenced by the need to utilize leveraged capacity. Our agile real estate and implementation capabilities allow us to launch any size operation in any region throughout North America.

As an example, we've been able to deploy extensive manufacturing support centers, complete with wireless technology infrastructures, over a single weekend. Our custom approach enables us to be responsive to the needs of any client.

COMMITMENT TO PROCESS IMPROVEMENT

Another way to ensure your 3PL provider will deliver on its cost-reduction promises is to verify its dedication to continuous process improvement. A 3PL with process expertise offers standardized processes that have been refined over years of engineering best practices through a formal Continuous Improvement program.

This ensures waste and the potential for error are permanently driven out of core processes. It supports the development of efficient, scalable service models and allows processes to be modified quickly to respond to changing business needs.

At CLI, a disciplined Continuous Improvement methodology drives everything we do. Our core processes have evolved in the most challenging, just-in-time logistics environments. All change is managed by a centralized, multidisciplinary team that consults our database of proven processes, evaluates the impact of each change and engineers the appropriate response. We continually test, measure and improve our processes using the fundamentals of quality management. This means both new and existing clients receive only the leanest and most capable processes that will improve their logistics performance and support the bottom line.

TRANSPARENCY

Finally, a capable 3PL will be completely transparent about its internal processes, costs and overall capabilities. It will embrace open-book pricing and offer end-to-end, real-time supply chain visibility.

At CLI, we use sophisticated, web-based technology to collect and report item-level data at every process step. Clients simply log in using any web-connected device, such as a desktop computer, tablet PC or smartphone, to access every detail about their in-transit inventory, work in process and shipment status 24 hours a day. This represents the ultimate in transparency—the ability to see *through* the supply chain.

Because all transactions are transparent, clients maintain control while still benefitting from our process expertise, technology and detailed performance reporting. Even better, since our technology is owned, developed and hosted in house, it is completely configurable to each client's specific needs.

So, as your quest for cost reduction continues, remember: You can design the best product in the world, but if logistics processes fall short, you can't bring your quality product to market.

To learn more about how CLI can help you reduce logistics costs and gain full visibility into outsourced processes, visit **www.complog.com**.


Outstanding Performance Trophy
A&R Logistics • 2010 Recipient
The Outstanding Performance Trophy is presented once a year by National Tank Truck Carriers, Inc. and Heil Trailer International in a competitive safety contest that is designed to recognize both the corporate commitment to safety combined with measured safety performance.
For 2010 A&R Logistics was selected for this prestigious honor. While we are grateful for this recognition, we believe the real honor goes to all the A&R employees that make safety their highest priority every day for themselves and for our customers.
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Karla Staver is director of safety and claims prevention, Saia.
770-232-4054 • *kstaver@saia.com*

CARRIERS CORNER

by Karla Staver

Putting Safety First: Proven Strategies for Every Workplace

In 2009, more than 4,300 workplace fatalities and nearly one million workplace injuries or illnesses involving missed work days occurred. These numbers are improving, but even one accident is one too many.

To help mitigate workplace incidents, it pays to have the right plan in place–one that starts with the hiring process, and includes training and recognition programs, as well as mechanisms for measuring performance.

Here are some strategies for fostering workplace safety.

■ **Hire the right people.** Look for candidates who understand safety's importance. Ask all job candidates what safety means to them, not just in the workplace, but also in their personal lives. If a business relies on drivers, forklift operators, warehouse personnel, sales representatives, or dockworkers, safety must be a core value for these individuals.

Do not rush the hiring process because operations are understaffed. Hiring workers quickly and assuming you can train them after business slows is a huge mistake. It implies to the employee that the company does not practice what it preaches, and that production is more important than safety.

■ **Ensure training programs are effective.** Managers must ensure training programs are working by measuring progress, checking for mistakes, and investigating employee errors so corrective action can be taken. Communication among training managers, employees, and upper management helps keep everyone informed about workers' safety performance and training programs' effectiveness.

■ **Equip employees with the necessary tools.** Provide not only proper safety equipment, but also adequate knowledge. Investing in annually re-testing and certifying employees lets them know safety is important. Making these types of investments pays dividends for the company in the long run.

■ **Enforce guidelines and procedures.** Employees must know that shortcuts are not acceptable. While they might see a short-lived gain for making such a decision, ultimately it will cost both them and the company.

■ **Give employees a voice.** An open-door communication policy is key to a safe workplace. Workers must have the authority to speak up if they see a policy or procedure that can be improved. Employees often have the best ideas for improvement. After all, they're the ones in the trenches.

For instance, at Saia, a driver developed a new stretching and warm-up routine. As other employees adopted the routine, injuries decreased, which validated the routine's significance and attracted management's attention. The driver's idea is now being turned into a company-wide program.

■ **Reward safe performance.** While most companies offer annual safety awards, catching employees doing the right thing and thanking them for it every day, especially in front of their peers, is one of the best ways to recognize personnel.

■ **Help injured employees get back to work.** Measuring lost-time injuries and developing ways for employees to perform transitional work reduces the time it takes workers to return to their customary role.

A safe workplace affects every employee, and creates a happy, productive workforce. That is something no one can place a price on. ■

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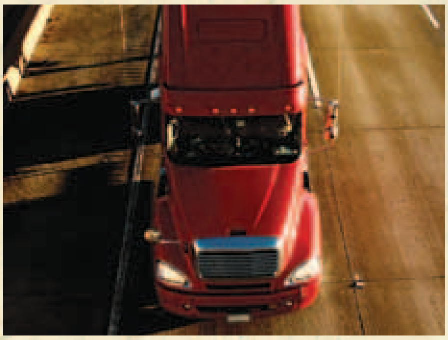

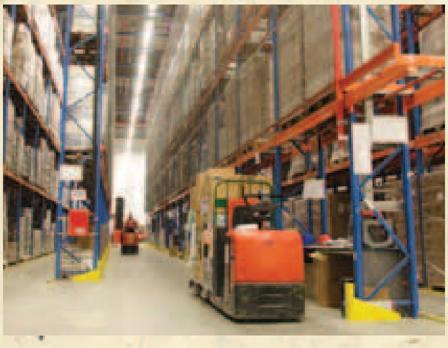

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ITMATTERS

by Jordan Kass

Maximizing TMS Resources Helps Achieve Sustainable ROI

These days, logistics managers need to achieve higher productivity levels and deliver better customer service at a lower cost, faster than their competition. Some wonder if they can achieve their goals with the resources available to them.

Many organizations turn to a transportation management system (TMS) for the answer. Thanks to Software-as-a-Service (SaaS) technology, shippers can now implement a TMS at a lower cost and with fewer disruptions, while retaining control of daily tactical operations.

But what ongoing cost and performance improvements can SaaS deliver? After the shine wears off, a growing number of shippers are left wondering how to achieve ROI after year two, and whether managing software is the best use of their finite resources.

The combination of SaaS plus managed services represents the next step in transportation management. Instead of committing to complex TMS technology investments, software plus managed service allows shippers to shift limited resources to strategic projects that drive ongoing value. It mixes and matches these capabilities to current and future needs. And because the enterprise is not encumbered by costly infrastructure, it is able to accelerate the adoption cycle and achieve clear, sustainable ROI.

THE ROAD TO ROI

Software plus managed service is not the same as traditional outsourcing. Organizations retain control over functions such as carrier selection and management, while co-opting the transportation management, pay-as-you-go resources they need to run their networks more efficiently.

Another important distinguishing feature of the software plus managed service variant is the nature of the "services" element. Dedicated provider TMS teams function as an extension of the organization's logistics department, with team members identifying themselves as affiliates of the shipper organization. These teams can even be physically located in the shipper's offices, and function as an integral part of the operations group.

A well-known food company has such a unit that includes a strategic account manager, an operations manager, four operations and logistics analysts, and two dedicated schedulers/customer service representatives. These specialists report to the company's transportation leaders, and provide ongoing management and analytical support.

With such comprehensive backup in place, the company's in-house logistics managers can deploy their staff on productive, strategic work that benefits the bottom line. This is not consulting in the conventional sense; the provider team does not vacate the building once a project is complete. They are fully accountable and there for the long haul.

As an alternative to on-site teams, some companies use dedicated TMS project managers during the initial phases of product launches. Others prefer to have a provider manager rotate between departments to address transportation issues.

Adding managed services to their TMS model helps shippers pick up where their SaaS investment leaves off–while still providing all of the SaaS benefits such as retaining control, eliminating capital investment, and pay-as-you-go programs. The software plus managed services TMS platform is geared to the demands of an uncertain business environment that requires logistics professionals to get there faster. ■

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VIEWPOINT

by Gil Carmichael

Embracing Interstate 2.0: A Rail-based Transportation Vision

The United States is finally beginning to realize that we must develop a new transportation policy that meets the dynamic market demands of both domestic and global trade.

The Interstate Highway System of the previous century, created during a 40-year era of "cheap fuel" and serving primarily U.S. highways and airlines, performed well. But today, with a population that has doubled, and continues to grow exponentially, our transportation infrastructure is disconnected, deteriorating, energy-inefficient, and congested. It simply does not fit or function well in a new global economy.

GLOBALIZED INFRASTRUCTURE

We should congratulate the Federal Railroad Administration (FRA) for taking a significant step toward creating a new National Rail Plan. The FRA could go even further, however, in addressing the needs of what is today a "globalized intermodal" transportation infrastructure.

The FRA can create much-needed economic vitality by producing a safe, energy-efficient, environmentally friendly multimodal transportation policy in which the steel wheel on steel rail once again plays a dominant role.

By utilizing the existing (and already paid for) rail rights-of-way (ROW) network, we can establish a transportation infrastructure that maximizes fuel sources to create an ethical, sustainable intermodal freight and high-speed passenger transportation network.

To be truly global, such a visionary rail-based transportation plan should also include Canada and Mexico, becoming a North American Rail Plan. Governments and private railroads have invested in North America's 240,000-mile rail ROW network for 150 years. This rail network connects all major center cities and ports in North America.

The expanded intermodal transportation policy would meet this century's transportation and economic challenges by building Interstate 2.0 – a high-speed North American rail transportation system. It will require a working partnership among federal and state agencies of the United States, Canada, and Mexico, and the private sector – especially the freight railroads, Amtrak, and VIA Rail Canada.

The resulting public works project would generate thousands of new jobs that cannot be outsourced overseas. This new transportation solution, when completed, will provide a major asset for a more livable, long-term, sustainable continental transportation system with alternative, reusable fuel sources and much-needed long-term jobs for decades.

ON THE RIGHT TRACK

Today we can leverage new, intelligent transportation technologies such as GPS tracking systems, Positive Train Control, and digital sensors. With a new vision and wise investments in our transportation infrastructure, this new North American Rail Plan will seamlessly connect all transportation modes, including ports, airports, and transit systems, dramatically improving freight movement across the continent.

To help finance this sustainable, energy-efficient and seamless intermodal infrastructure, the U.S. Congress should replace the expiring Interstate Highway Trust Fund and approve two new Intermodal Trust Funds – one for passenger, one for freight movement.

Interstate 2.0, a rail-based North American transportation network, represents the new transportation paradigm for the 21st century. ■


TOTALLY
CALIFORNIA
Reddaway

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by Ed Harrison and David Cohen

Technology Powers New Supply Chain Security Systems

In a speech at the Massachusetts Institute for Technology in March 2011, Department of Homeland Security (DHS) Secretary Janet Napolitano said, "Innovation is critical to economic growth, international competitiveness, and national security. We must expand government's collaboration with the science and engineering communities in industry and academia to include a deeper, broader partnership on homeland security."

Nowhere is this statement more true than in the global supply chain. With the events of Sept. 11, 2001, and the creation of the DHS, the public and private sectors committed themselves to developing new supply chain security technologies. The by-product of these endeavors has resulted in new systems that also make trade more efficient and cost-effective.

Systems currently exist, for example, that allow shippers to track containers anywhere in the world in real time. New technologies also allow shippers to monitor containers for tampering, and in some instances to determine whether they contain dangerous cargo.

This technology-driven approach has been supported by the European Union's Seventh Framework project, piloting the use of "smart" technology throughout aspects of the supply chain.

Moreover, the Flanders Institute for Logistics recently released a report chronicling a multi-year test using technology to establish secure trade routes. This initiative serves as proof that broader use of these systems can assist governments, and save time and money for the trade industry. Similar supply chain technology programs have been started at DHS and the World Customs Organization.

Nonetheless, this new era in trade still requires broader cooperation among public and private stakeholders engaged in operating and regulating the global supply chain.

FACILITATING A DIALOG

Recently, the Cargo Intelligence, Security, and Logistics Association was formed to facilitate the public-private dialog on supply chain technology referred to by Secretary Napolitano. Because progress in this field is occurring so quickly, such conversations are vital. As is so often the case, the technology is getting ahead of the laws and policies drafted decades ago by authors who never could have envisioned the capabilities vested in today's digital age.

Through discussions in the United States, EU, and elsewhere, governments and industry are becoming more aware of what these systems offer as a matter of both economics and security.

A TRADE REVOLUTION

Fifty years ago, Malcom McLean revolutionized the trade world when he introduced the shipping container. When McLean died in 2001, Secretary of Transportation Norman Mineta noted that, up until then, "shipping was previously conducted in much the same way the ancient Phoenicians did 3,000 years ago."

Today, we are again on the cusp of a trade revolution. With today's technology, we can track the location of a container anywhere in the world and determine whether the cargo it contains is safe and secure.

In these turbulent times, never has this been more important. The safety and economic stability of our nation, and the world, depend on it. Thankfully, we haven't had to wait another 3,000 years for these developments. ■

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GREEN LANDSCAPE

SUSTAINABILITY IN THE SUPPLY CHAIN

by Chad Dombroski

Switching to Emissions-reducing Fuel Technologies

As diesel prices continue to rise, optimizing fuel economy challenges shipping and logistics professionals everywhere. For many, the urgency to deliver fuel savings or manage escalating fuel costs is increasing as rapidly as the average price of diesel–which has climbed nearly one dollar from last year. It remains up nearly 25 percent year over year, and experts don't expect it to decline much further–at least not anytime soon.

One solution to coping with high diesel prices is updating your fleet to comply with the Environmental Protection Agency's nitrogen oxide (NOx) emissions regulations. All companies manufacturing, buying, or leasing new trucks must utilize one of two technologies to comply with the stricter standards. Making the switch now takes advantage of the fuel economy and cost savings achieved with one of the new emissions-reducing technologies.

Original equipment manufacturers (OEMs) and fleet owners question whether Exhaust Gas Recirculation (EGR) or Selective Catalytic Reduction (SCR), the two competing emissions-reducing technologies, is more environmentally and economically effective.

While the implementation of these technologies is relatively new in the United States, both have been in the global marketplace for more than five years. While both can reduce NOx emissions by up to 90 percent, SCR utilizes diesel exhaust fluid (DEF), a high-quality, urea-based solution that enables engines to run more efficiently and reliably, providing significant cost and fuel savings over EGR.

ADDING UP THE BENEFITS

OEMs and fleets using SCR have gained fuel efficiencies ranging from four to 11 percent. Volvo, for example, has reported a five-percent fuel efficiency gain using engines with SCR compared to its older engines.

Even when accounting for the cost of DEF – which is approximately two percent of fuel cost in the United States on average, depending on price points and usage – most fleets and OEMs are gaining a fuel economy net savings of two to nine percent. With diesel averaging around $4 a gallon, this savings adds up when multiplied across an entire fleet.

Although some fleet managers worry about the inconvenience of having to fill DEF tanks – a necessity to keep SCR engines running – the widespread availability and distribution of DEF ensures this task is streamlined into the re-fueling process.

A VIABLE OPTION

More than 3,500 locations sell packaged DEF today, and the supporting infrastructure is steadily expanding as the nation's largest truck stops continue to install DEF pumps. Further, the average consumption of DEF is generally two percent per gallon – for every 100 gallons of diesel used, two gallons of DEF are used. Consequently, truckers need to tank much less for DEF than they do for diesel fuel. And while the rate of DEF consumption varies by fleet, truck, driver, and route, 2.5 gallons of DEF yield on average more than 350 miles of U.S. travel.

More than 95 percent of OEMs and fleets globally have already chosen SCR technology over EGR. As more SCR trucks hit the road, shipping and logistics professionals facing stricter emissions regulations and rising diesel prices will have an opportunity to take control of their fleets and realize the fuel and cost savings SCR brings. ■

ANNUAL

3PL SUPER-ISSUE

3PLS

JUST WHEN A SHIPPER NEEDS HELP MOST, IN STEPS A PARTNER WITH SUPER POWERS...

BY MERRILL DOUGLAS

SAVE THE DAY

THE CLOCK IS TICKING, THE PHONES ARE RINGING, THE TRUCKS ARE AT A STANDSTILL, AND CUSTOMERS ARE SOUNDING THE ALARM. So who do you call? The guy in the spider suit? The muscleman in Spandex with X-ray eyes? The mutant girl with a fistful of lightning?

Whether you need a quick rescue or a large-scale solution to an ongoing business challenge, sometimes the hero you want is a third-party logistics service provider (3PL). Savvy, efficient, well-equipped, and bulked up with bargaining clout, a good 3PL will prove faster than a speeding cargo jet, more powerful than a double-stack container train, able to leap post-Panamax cranes at a single bound. At least, that's the way it seems when you see your efficiency soar and your customers smile.

How does a 3PL fly to the rescue? Let's take a look.

3PLS SAVE THE DAY

X-RAY VISION AND EXPERTISE

A GOVERNMENT AUDIT IS NEVER HAPPY NEWS. BUT A 2008 U.S. CUSTOMS AND BORDER PROTECTION (CBP) AUDIT TRIGGERED A SERIES OF EVENTS THAT PRODUCED A VERY HAPPY ENDING FOR AMES TRUE TEMPER, AFTER A 3PL CAME TO ITS RESCUE.

Based in Camp Hill, Pa., Ames True Temper sells non-powered garden tools, snow tools, and other outdoor products under brand names such as Ames, True Temper, Dynamic Design, and Razor-Back. CBP audited the company to see if it was correctly classifying and valuing the products it imported into the country.

When CBP found items that needed correction, Ames True Temper asked its customs broker to plan a response.

"CBP wanted to ensure we had a system that would not only fix the issues it found, but also prevent future issues from arising," says Craig Womeldorf, vice president of logistics at Ames True Temper.

Unfortunately, officials at Ames True Temper didn't like the solution their broker proposed. The problem lay with the broker's plan to assign a middleman to manage Ames True Temper's customs data.

An importer needs to be fully conversant with its import information and completely responsible for CBP compliance. "We didn't want a filter between us and our data," Womeldorf says.

So Ames True Temper turned to third-party logistics provider TBB Global Logistics for a second opinion. "I suggested that we conduct a classification verification audit," recalls Ann Bruno, director of global trade at TBB Global Logistics in New Freedom, Pa.

TBB sent Ames True Temper's tariff number

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An SOS call to a 3PL helped Ames True Temper rake in supply chain efficiencies and savings.

carriers to learn about changes in lanes and locate better routing alternatives. "TBB is helping us keep fuel surcharges in line, and pushing back on other undue charges," Womeldorf says.

TBB also provides accurate, automated inbound freight information. "TBB works with our receiving locations so we know ahead of time when containers will arrive," he notes.

TBB now also manages imports for a company that Ames True Temper recently purchased in Australia. That job includes making sure the company complies with all Australian customs rules, and gets any applicable rebates under existing free trade agreements. "TBB is also quoting our Canada imports," Womeldorf adds.

database to a partner company that checked each classification and made corrections as needed. TBB also held a customs compliance seminar for Ames True Temper's staff, to make sure they fully understood their obligations.

In addition, TBB worked with Ames True Temper to enhance its customs compliance process.

"TBB helped verify and document our systems, then implemented, tested, and audited them to make sure we had the reports we needed," Womeldorf says. This arrangement didn't call for TBB to serve as a "filter" between Ames True Temper and its data.

Thanks to the help TBB provided, Ames True Temper met CBP's post-audit requirements and laid a foundation for smooth compliance in the future.

Accurate customs compliance at the outset provides major benefits. "Shippers can prevent the fines and lost time that come with being audited," Womeldorf says. "We now make sure we pay the right duties and understand all the elements of our product costs, so we can get accurate data to the people who set our product prices."

Officials at Ames True Temper were so impressed with TBB's work that they appointed the 3PL as their customs broker. TBB also submitted a proposal to manage some of Ames True Temper's inbound logistics business.

"We conducted a rate analysis and outlined the services we could provide other than just managing freight," Bruno says.

Ames True Temper awarded TBB part of its ocean business in 2009, gradually increasing the business. Today, TBB manages all the shipper's inbound ocean freight, including land transportation from port.

Through its expertise and initiative, TBB has helped Ames True Temper streamline its business processes. The 3PL continually monitors

THE POWER OF CREATIVITY

In addition, the 3PL is working with Ames True Temper on several supply chain strategy projects, including packaging optimization and supply chain benchmarking. "TBB will participate in a program with one of our customers, to look at how we can add value through creative supply chain initiatives," Womeldorf says.

According to both Bruno and Womeldorf, the super power that TBB applies to its relationship with Ames True Temper is a knack for understanding every facet of the business—a kind of X-ray vision.

"We take an in-depth approach to partnering with Ames True Temper—getting to know everything there is to know about its supply chain, and collaborating on a global supply chain strategy to further its corporate goals," Bruno says.

"TBB's leadership is fully engaged in this partnership," Womeldorf adds. "I trust them to do the right thing."

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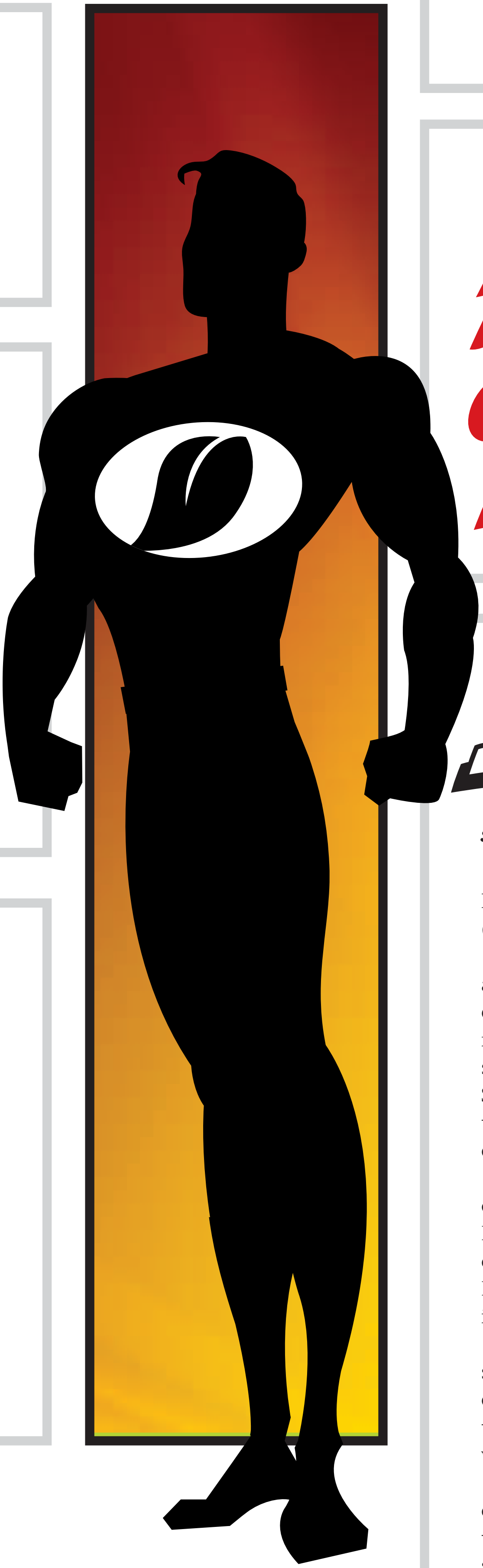
3PLS SAVE THE DAY



THE GREAT, GREEN DC NETWORK

IT'S GREAT TO BREAK INTO NEW MARKETS AND SEE YOUR REVENUES SOAR. BUT LIKE BRUCE BANNER BURSTING HIS SHIRT SEAMS AS HE TRANSFORMS INTO THE INCREDIBLE HULK, AN EXPANDING BUSINESS SOON OUTGROWS ITS SUPPLY CHAIN INFRASTRUCTURE.

Growth is what first prompted Seventh Generation to call for help. A 3PL swooped in, first to provide a new distribution center (DC), then to design a whole new logistics network.

Based in Burlington, Vt., Seventh Generation sells household and personal care products with an emphasis on health and the environment. Before 2007, more than half its sales went through natural products channels. The retailers, distributors, and consumers it served were concentrated in the northeastern United States and between San Francisco and Los Angeles. "Those were the 'green' markets at the time," says Chip Nolan, the company's director of logistics.

Seventh Generation managed inbound transportation from contract manufacturers, mainly in North America, to DCs in Buffalo, N.Y., and Fresno, Calif. A different 3PL, working under its own warehousing and transportation contract, ran each facility. In the past, it made sense for Seventh Generation to distribute to its primary markets from those locations.

Then in 2007, Seventh Generation's business exploded. "We started to serve the mass retail and grocery channels," Nolan explains. Direct online sales were expanding as well. Much of the growth occurred in the Southeast, but service to that region wasn't efficient.

"We were filling weekly less-than-truckload replenishment orders into the grocery channel from Buffalo, with a lot of transportation lead time," Nolan says. "Customer orders are time-sensitive, and to consistently meet a delivery appointment from

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VANTIX

Buffalo to Florida, for example, was difficult."

Trips of that length not only create too much opportunity for delay, product damage, and other mishaps, but also release a lot of carbon into the atmosphere.

Deciding they needed to add a third DC in the Southeast to reduce less-than-truckload delivery miles, officials at Seventh Generation conducted a vendor review, ultimately awarding the contract to OHL of Brentwood, Tenn. In fall 2007, Seventh Generation started to transfer some of its inventory and order fulfillment to the 3PL's facility in Forest Park, Ga., near Atlanta.

That facility produced so much value that officials at Seventh Generation decided to ask the 3PL for further assistance. The company particularly wanted to improve its fill rate and on-time delivery to customers.

"As a smaller brand trying to get our foot in the door, we felt that delivering to customer expectations every time, and consistently filling their orders 100 percent, would give us a significant advantage," Nolan explains.

Seventh Generation asked OHL to plan a regionally based distribution network, with the right number of DCs in the right locations to provide the best service at the lowest cost and with the least environmental impact.

OHL examined one year's worth of outbound transportation data from the three existing DCs, then added all of Seventh Generation's U.S. vendors, says Paul Cooper, OHL's director of business development. Finally, it modeled scenarios that included four, five, and six DCs, each considering the optimal locations for sites and where OHL had existing campuses.

Based on OHL's findings, Seventh Generation issued requests for proposals. In the end, it chose OHL to handle all of its distribution through five facilities—the one in Atlanta, plus DCs in Dayton, N.J.; Romeoville, Ill.; Carson, Calif.; and Kent, Wash.

In summer 2009, Seventh Generation started the transition to close the Buffalo and Fresno facilities and operate entirely out of OHL's DCs. The transition was surprisingly smooth: OHL and Seventh Generation got each facility running on time and under budget.

A 3PL helped Seventh Generation clean up its logistics network.

The move paid off. The new network has reduced outbound miles traveled by 48 percent. Seventh Generation now delivers 97.7 percent of its orders within two days, up from 90 percent; and 86 percent in one day, up from 51 percent. "We cut our miles per delivery from 500 to 278," Nolan says.

Carbon emissions per metric ton shipped are 35 percent lower. "And we were able to cut order-to-delivery time to customers from a standard of 10 business days to five. We did this while maintaining a 99.3-percent fill rate," he says.

Seventh Generation followed up on that initial success last fall by making OHL also responsible for moving freight from manufacturers to the DCs.

As the 3PL took over inbound transportation, OHL's engineers conducted an analysis to determine the most efficient locations for Seventh Generation's co-packers and manufacturers. Under that arrangement, Seventh Generation has seen inbound transportation costs shrink by 10 percent.

Along with improving service, gaining efficiency, and reducing the company's impact on the environment, the relationship with OHL has produced additional benefits for Seventh Generation. By integrating with the 3PL's warehouse management system and transportation management system, Seventh Generation has gained visibility into its shipments.

"We've also been able to implement a monthly cycle count process with OHL to eliminate conducting a year-end physical inventory," Nolan says.

In addition, OHL has implemented system lot tracking across all stockkeeping units. "For every liquid and every diaper, we know which customer it goes to, what is left in our warehouse, and what is on the road," Nolan says.

Mutual respect and a desire to collaborate make the superpowered partnership between Seventh Generation and OHL especially strong.

3PLS SAVE THE DAY

SUPER AND SEAMLESS

PROBLEMS WERE BREWING WHEN SECOND CUP, THE LARGEST CANADIAN-OWNED SPECIALTY COFFEE RETAILER, PUT OUT A CALL FOR A 3PL.

Founded as a shopping mall kiosk in 1975, Second Cup now comprises more than 340 cafes in Canada and about 50 in other countries. Most of the international locations are in the Middle East. But the company also is expanding into Europe, with franchises already established in Turkey, Cyprus, and Romania.

To keep growing, Second Cup must make sure that franchisees overseas can easily receive all the products they need to run their cafes—everything from coffee, tea, and food products to cups, napkins, and restaurant equipment.

"Part of the selling point to franchisees is that we have a seamless supply and logistics system," says Linda Bilanski, head of international marketing for Second Cup in Mississauga, Ont.

"We want to run a turnkey operation, where franchisees are able to place an order, then don't have to worry about the shipments," says Ella Khan, Second Cup's supply chain and logistics manager.

But as the company added more international locations in recent years, officials discovered that the freight forwarder handling the overseas shipments couldn't keep pace with the expanding responsibility. "The forwarder was a small company, and didn't have the resources we required," says Khan.

One problem was service quality. "We weren't able to catch the products that were shipped incorrectly," she says. Also, the forwarder relied on other companies for warehouse space, creating a disjointed process, "and we weren't getting the shipping updates we needed," Khan adds.

Second Cup needed a partner that could improve the end-to-end shipping process, with better visibility and quality control. "We wanted a service provider with the right global resources,

When expanding into international markets, coffee retailer Second Cup got a jolt of efficiency from its global 3PL.

but not one so big that we wouldn't be important to their business," Bilanski says.

Through a procurement process conducted in 2010, Second Cup chose global 3PL Agility to manage product transportation to its overseas franchisees. Although Agility maintains offices in more than 100 countries, Second Cup doesn't get lost in the shuffle, says Mike Shum, vice president of business development, Agility Canada in Mississauga.

"Agility Canada recognizes Second Cup as a national key account," Shum says.

Agility started handling Second Cup's shipments in August 2010. Today, franchisees place orders for products with Second Cup's vendors, and the vendors ship those orders to Agility's Toronto-area warehouse. Agility consolidates orders into containerload, less-than-containerload, or airfreight shipments and manages transportation to overseas destinations.

Shortly after this relationship began, Agility added a quality control service to make sure vendors shipped the correct merchandise and quantities. The 3PL now also ensures that all international trade documents are in order, says Tiziana Sarracini, national key account manager at Agility Canada.

Eventually, Agility will add an origin cargo management (OCM) solution for Second Cup. Under this arrangement, Agility will keep some of Second Cup's inventory—non-perishables such as paper goods—in its own warehouse, allowing the 3PL to fill orders for those products faster. Vendors will continue to fill orders for perishable goods, but franchisees won't have to worry about who supplies which products.

"It will become a one-stop shop," Sarracini says. "Franchisees will be able to place an order and see inventory online, then have those orders processed quickly and seamlessly."

Currently, franchisees can monitor incoming order status once the product reaches Agility's warehouse. The OCM solution will give franchisees visibility from the moment they place their orders.

The solution offers another benefit. "If multiple orders are being placed, and the franchise owner's supply chain demands change, they can do different types of consolidations, working with the entire order instead of order fragments," says Shum. "OCM provides scalability and the power to look for cost optimizations."

Even before implementing the OCM solution, Second Cup has gained some clear improvements through its relationship with Agility. One benefit is the ability to monitor shipment status through Agility's tracking and tracing tools.

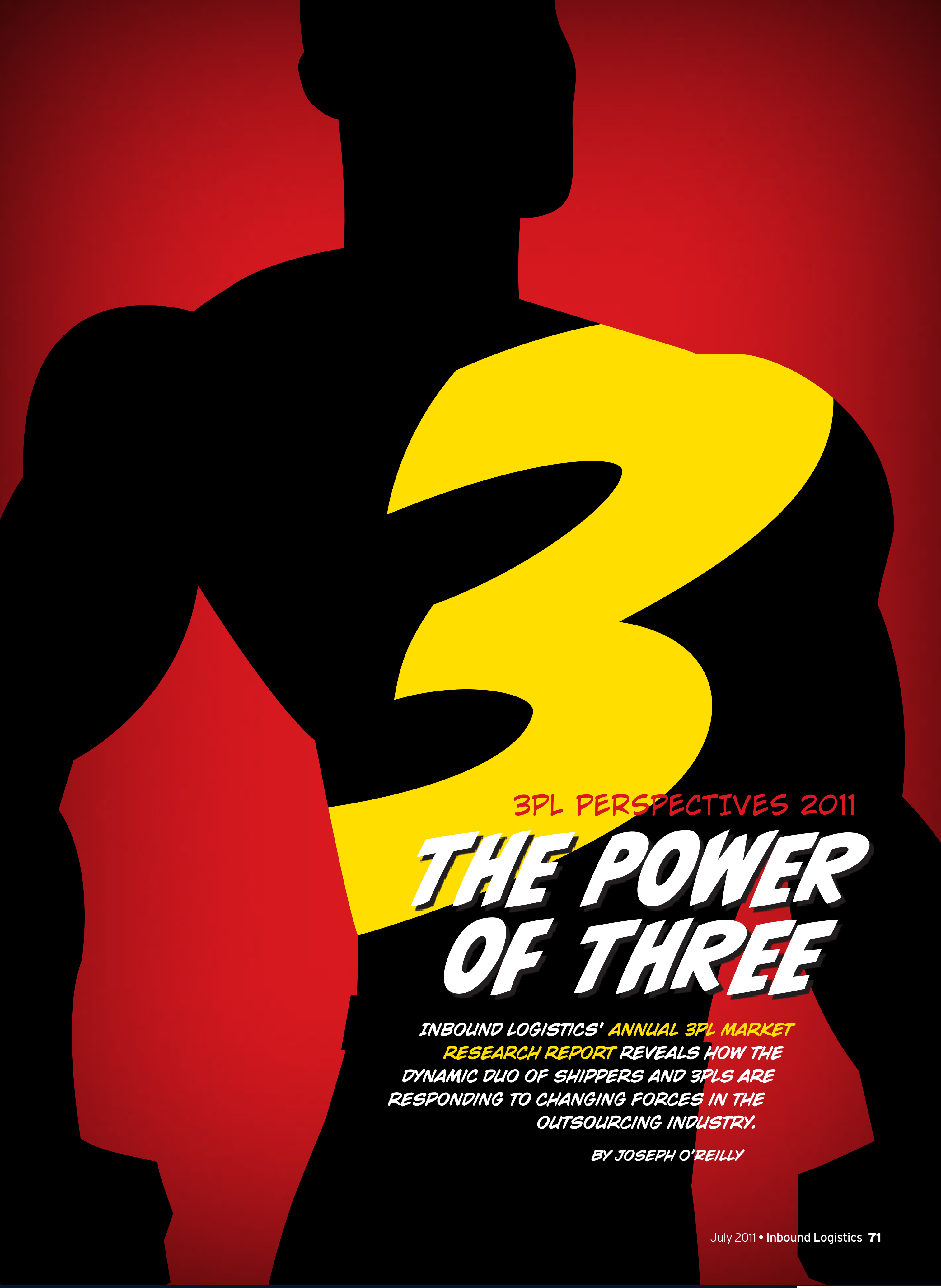
"I have visibility of the actual container—when it gets loaded, and each milestone it hits," Khan says. Second Cup also works with Agility to optimize how containers are loaded, creating savings that it can pass along to franchisees.

Communications with Agility are much better than they were with the previous freight forwarder. Agility's quality control program has improved the supply chain significantly. Also, Agility has helped to streamline the job of filing import documents for multiple countries.

"Documentation is a tedious process, but Agility is helping us eliminate errors and make it more efficient," Bilanski says.

As Second Cup continues to grow, Agility stands poised to carry out its next acts of derring-do. ■

IT DOESN'T TAKE A FANCY CAPE OR MASK TO SET THINGS RIGHT FOR A SHIPPER IN A JAM. A 3PL THAT PAYS CAREFUL ATTENTION TO A CUSTOMER'S REQUIREMENTS, TAILORS A CREATIVE SOLUTION, EXECUTES THE STRATEGY, TRACKS THE RESULTS, AND COMES BACK WITH IDEAS FOR FURTHER IMPROVEMENT WILL STAND OUT AS A SUPER HERO IN ANY SHIPPER'S EYES.



3PL PERSPECTIVES 2011

THE POWER OF THREE

INBOUND LOGISTICS' ANNUAL 3PL MARKET RESEARCH REPORT REVEALS HOW THE DYNAMIC DUO OF SHIPPERS AND 3PLS ARE RESPONDING TO CHANGING FORCES IN THE OUTSOURCING INDUSTRY.

BY JOSEPH O'REILLY

Businesses emerged from a lingering depression in 2010 and early 2011 with a pervading sense of optimism that the economy was improving. Inventory levels dropped, trucks moved, and capacity shrank. Industry began resurrecting old concerns about equipment shortages, driver attrition, and rising transportation costs. Motor freight carriers began raising rates.

Then, economic forecasts started swirling again. Fuel prices soared. Job growth predictions slackened. And debate over the U.S. debt ceiling and potential consequences raised fears of a new fiscal crisis.

Now, U.S. businesses are hedging their bets—again.

When market conditions are either good or bad, there is always a burning platform for action. Businesses expand and capitalize, or contract and optimize. Economic uncertainty, however, muddles decision-making.

Corporate indecision often leads to supply chain complacency. In turn, reactionary tactics curb forward-thinking strategic efforts. Companies bound by indifferent market forces risk the consequences of missed opportunities. Others, unfettered from the shackles of decision-making unease, count on 3PLs to save the day—or at the very least, a few dollars on transportation.

Over the past decade, shippers have increasingly turned to 3PL partners for leadership, expertise, and guidance navigating supply chain complexity. But it's during times like the present—when the near-term outlook is filled with unknowns—that they prove their value by bringing clarity and confidence to otherwise wavering customers.

This year's annual *3PL Perspectives* market insight report offers a comparative analysis of how logistics service providers and shippers fared during the past year. It also documents some of the groundwork gained and lessons learned—efforts that might prove to be invaluable collateral as 3PLs and shippers enter a new period of economic uncertainty.

WHAM! 3PLS PACK A PUNCH

The countercyclical nature of outsourcing contributed to remarkable growth in the 3PL space during 2010, according to this year's research. Service providers document a whopping increase in new customers, with 89 percent building their client rosters by at least five percent, compared to 73 percent in 2010. By contrast, only three percent cite business attrition (seven percent in 2010).

3PL PERSPECTIVES METHODOLOGY

Every year, ***Inbound Logistics*** conducts an extensive survey of the 3PL market to explore how both 3PLs and shippers are adapting to change and pushing the outsourcing needle in different directions. Our outreach effort comprises two parts.

First, ***IL*** solicits questionnaires from more than 400 3PLs, detailing the services they provide and their areas of expertise – geographically, functionally, and vertically. We also ask service providers to augment this empirical data with contextual insight about business during the past year, relationships with customers, and emerging outsourcing trends.

Second, we poll more than 5,000 targeted 3PL users with a similar series of questions to provide a counter-perspective of the different forces that are driving 3PL action and shaping the industry.

Inbound Logistics' *3PL Perspectives* juxtaposes these two points of view to provide a rich and robust overview of the trends impacting the 3PL space, and how shippers and service providers are responding.

3PLs are leaving few links untouched in their quest to locate new customers. Retailers and manufacturers are likely targets, but service providers are also gaining traction selling to other intermediaries. Opportunities to leverage proprietary technologies, assets, carrier connections, and regional strengths have opened up new revenue streams, especially among smaller 3PLs. Freight brokers, as one example, see increasing demand for their services from shippers, carriers, and intermediaries trying to locate capacity as supply tightens.

An increase in customers has translated to sales and profit growth. 3PL respondents report considerable gains during the past year. Ninety-one percent of service providers grew sales by at least five percent, with one-third noting 20-percent increases. By comparison, 90 percent report profit growth in excess of five percent.

Such a remarkable rebound in revenue gains—compared to 2009—is due in large part to organic business growth, with 81 percent of 3PLs citing that as a primary reason, and only two percent referencing merger or acquisition activity. Seventeen percent report a combination of both. This data is on par with last year's figures.

Most 3PLs credit improving economic conditions for these positive gains—even as the threat of a double-dip recession tempers current optimism. All indications suggest 3PLs are practicing what they preach by reducing their own expenses while also expanding sales efforts.

With regards to profitability, one survey respondent cites "tighter cost control measurements and improved efficiencies." Another 3PL explains that its customer base of small and medium-sized businesses shrank this year because of downsizing and bankruptcy, but that it has increased revenue "by expanding service offerings and growing with existing clients"—a common response from other 3PLs.

Larger service providers with multiple operating divisions across modes, regions, and functions are cross-selling services to "corporate" customers, unlocking new value and, in some cases, reducing complexity with integrated logistics solutions. Others are focusing on vertical strengths and working back through the supply chain to mine new business opportunities.

It isn't all about strategy. 3PLs also report that they are increasing sales staff and hiring new agents, as well as conducting tried-and-true telemarketing blitzes to customers new and old.

By and large, 3PLs don't rate "finding customers" or "making a profit" as top challenges in today's market, with only 20 percent and 40 percent, respectively, indicating as much. Instead, logistics service providers are following the lead of their customers. They are evolving with, learning from, and responding to demand.

POOF! MORPHING WITH DEMAND

The past few years have seen a recurring shift in how third-party logistics providers position their assets to meet market need *(see 3PLs: Behind the Mask, page 76)*. In 2011, 52 percent of surveyed 3PLs indicate they operate as non-asset-based service providers, with 48 percent identifying their business structure as asset-light or non-asset-based. They can be both.

3PLs have a competitive interest in how they shape and brand their capabilities—sometimes as objective freight brokers and DC managers, other times as capacity-flush carriers and warehouses. Those that identify themselves as both have the luxury of morphing from one to the other as market conditions dictate. In 2010, only 12 percent of 3PLs passed as purely asset-based providers. This year, with capacity constraints potentially looming, that number grew to 16 percent.

Private-fleet shippers, carriers, and 3PLs alike feel economic pressure to streamline assets to match demand. Some are offloading equipment and facilities entirely, and concentrating investments in logistics technology and talent. As in years past, others are spinning off logistics divisions as separate operating units—offering customers the flexibility of selecting a fully integrated transportation/distribution solution or siloed supply chain capabilities.

Asset-based providers build value around core transportation and warehousing functions. By contrast, non-asset-based 3PLs manufacture solutions that are largely

driven by technology and intellectual property. Freight brokers, forwarders, consultants, IT companies, materials handling integrators, manufacturers—even healthcare providers—have all made inroads into the outsourcing space largely because they have functional expertise and there is demand.

The ubiquity of Software-as-a-Service technology deployments has similarly enabled service providers of all types and sizes to expand their value propositions by providing executable solutions. It's no longer simply a matter of matching a shipper's LTL need with available carriers in a specific

3PLS BEHIND THE MASK

***Inbound Logistics'* annual *3PL Perspectives* market insight report collects a wealth of information about the 3PL industry, and in particular logistics service providers. Over the past decade, the efficacy of functional outsourcing has triggered an explosion of new 3PLs that spans the gamut of logistics and supply chain capabilities.**

Having evolved from "meat and potatoes" logistics disciplines, the industry—like outsourcing—continues to add layers of value in terms of services, vertical expertise, and technology. Transportation and warehousing are still core, but a new breed of non-asset-based service providers is making its presence felt.

These specialized 3PLs leverage technology and talent to drive their business proposition. Investments in transportation and warehouse management systems, optimization tools, and freight bill auditing software empower them to identify problems and execute solutions. Asset-based 3PLs, too, are using transportation and logistics technology to deliver fully integrated supply chain services that pair capacity with strategic competency.

What the 3PL industry has accomplished in terms of raising the profile and importance of supply chain and logistics is more telling. Demand-sensitive, fast-moving consumer product goods, electronics, food and beverage, and automotive companies are mature outsourcing practitioners that still derive great value working with 3PLs. But a new crop of more specialized industries and companies that includes furniture, cosmetics, and renewable energy is beginning to reap the same benefits as they adopt and adapt industry best practices.

The 3PL space is a dynamic representation of the unique challenges shippers encounter, and capabilities they require, while navigating an increasingly global and complex supply chain.

ASSET-BASED OR NON-ASSET BASED	
Non-asset based	52%
Asset-based	16%
Both	32%

CERTIFICATIONS	
EPA Smartway Partner	57%
ISO	44%
Lean	20%
Six Sigma	18%
C-TPAT	14%
LEED	11%

lane, then comparing rates. Shippers expect 3PLs to collect and archive this information, dissect it, filter it out to necessary parties, and provide fodder for further tactical and strategic improvement.

In some instances 3PLs, and IT companies moonlighting as 3PLs, lure customers by dangling managed-technology solutions with IT sophistication and expert execution. Among surveyed 3PLs, 36 percent identify this as an important strategy to help shippers cope with increasing complexity.

More telling, 55 percent of service providers cite technology investment as the most

VERTICAL SPECIALIZATION	
Consumer Product Goods (CPG)	81%
Electronics	72%
Food & Beverage	69%
Automotive	67%
Footwear/Apparel/Textiles	65%
Construction & Building Materials	64%
Healthcare	64%
Pharmaceuticals	55%
Grocery	55%
Chemicals	54%
Furniture	53%
Cosmetics	48%
Agriculture	42%
Aerospace	40%
Renewable Energy (wind & solar)	35%
Trade Show	33%
Oil & Gas	28%

LOGISTICS SERVICES & CAPABILITIES	
Inbound Logistics	92%
Integrated Logistics	79%
Inventory Management	72%
Lead Logistics Provider/4th-Party Logistics	72%
JIT	72%
Vendor Management	69%
Logistics Process Reengineering	62%
Payment Auditing/Processing	53%
Product Life Cycle Management	47%
Global Trade Services	43%

WAREHOUSING SERVICES & CAPABILITIES	
Crossdocking	82%
Pick/Pack, Subassembly	73%
Fulfillment	72%
Vendor Managed Inventory	64%
Location Services (site selection, real estate)	47%
DC Management	39%

TRANSPORTATION SERVICES & CAPABILITIES	
Truckload	94%
LTL	90%
Intermodal	84%
Air Cargo	69%
Rail	68%
Dedicated Contract Carriage	67%
Ocean	62%
Small Package	55%
Bulk	50%
Final Mile	49%
Equipment/Drivers	40%
Fleet Acquisition	15%

SPECIAL SERVICES	
Logistics/Transportation Consulting	87%
Direct to Store	79%
Reverse Logistics	77%
Import/Export/Customs	69%
Marketing/Customer Service	48%
Contingency/Crisis Planning	44%
Labor Management	40%
Global Expansion (sourcing/selling)	30%
Direct to Home	26%
Security Analysis	26%

TECHNOLOGY OFFERINGS	
TMS	76%
Optimization	61%
WMS	57%
Freight Payment/Claims/Auditing	39%
Reverse Logistics	37%
Sustainability	36%
RFID	35%
Vendor Management	33%
Global Trade Management	25%
ERP	20%
Demand Management	15%

important challenge they face today, second only to rising costs (62 percent).

Transportation management is where shippers and 3PLs mine the most valuable returns. Consequently, 76 percent of surveyed service providers indicate they are investing in Transportation Management Systems—proprietary or hosted—followed by optimization solutions (61 percent), and Warehouse Management Systems (57 percent).

Freight payment/claims/auditing software, which 39 percent of service providers offer, is another way intermediaries can analyze transportation performance and help shippers explore different approaches to reduce spend and increase efficiency.

WHOOSH! IT'S A BIRD! IT'S A PLANE! IT'S A 3PL!

One great advantage that 3PLs provide is their capacity to leap global divides in one seamless bound. For small companies working with a contract manufacturer in China's hinterland, or larger boutique brands looking to establish a retail presence on Dubai's "high street," logistics service providers have the resources to help businesses manage cross-continent supply chains without the risk and cost of going it alone.

The idea of a "global 3PL" is increasingly passé given the breadth of international resources and capabilities many intermediaries already have. To point, only 23 percent of 3PLs identify global coverage as a challenge in today's market.

That said, outsourcing ultimately begins at home. As in last year's data, 88 percent of surveyed 3PLs serve the North American market, while only 15 percent operate in the United States exclusively. Shippers display a similar and expected pattern, with 51 percent outsourcing in North America and 43 percent in the United States alone (SEE FIGURE 1).

Asia remains the top offshore target for both 3PLs and 3PL users, with 54 percent and 28 percent responding in kind. Europe follows at 53 percent and 19 percent, respectively, then Southeast Asia and India with 47 percent and 15 percent. The top three regions where 3PLs provide global services match up with where shippers are most likely to outsource.

The Middle East/North Africa is an emerging target for 3PLs, but not shippers, because it is a growing distribution hub along the Suez trade. South America

FIGURE 1 **Geographic Scope**

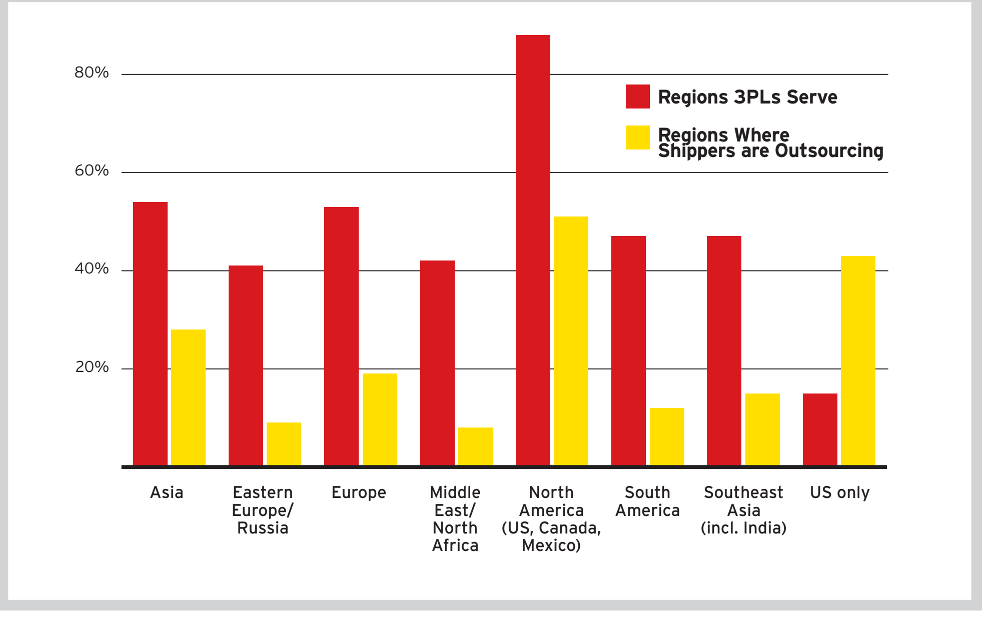
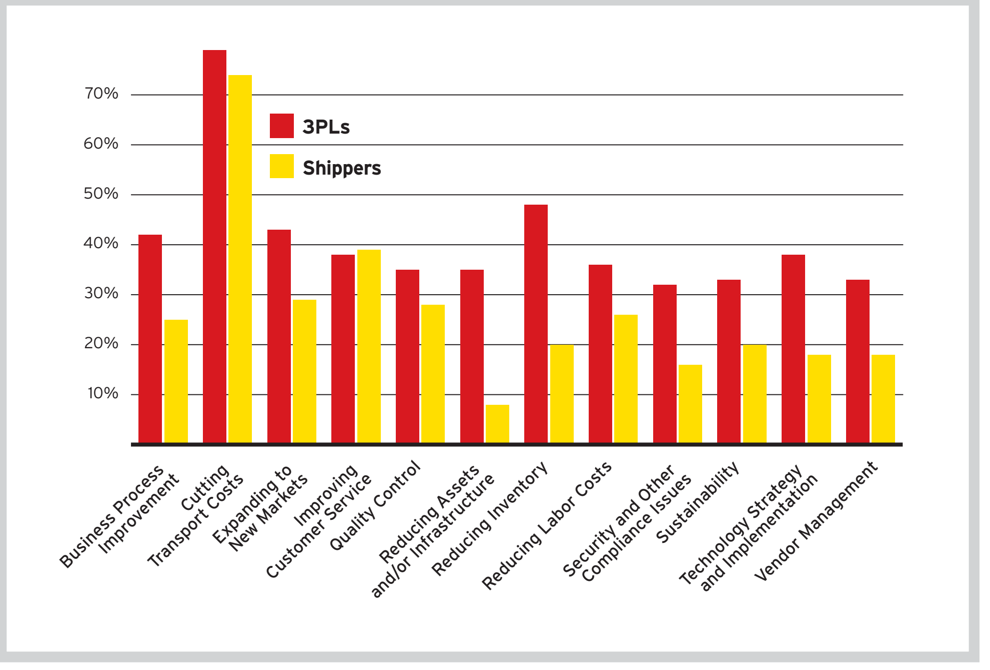


FIGURE 2 **Greatest Challenges**



remains close to home for many U.S. manufacturers and retailers that have homegrown operations in-country. Only 12 percent are using 3PLs in that area. Interestingly, only 28 percent of 3PLs view nearshoring as a viable strategy.

Globetrotting 3PLs have always derived great value by following and leading shippers into new locations around the world—as a means to facilitate offshore sourcing and manufacturing activity, as well as help customers grow new selling opportunities in burgeoning middle-class markets. U.S. manufacturers and retailers rely on 3PLs to manage transportation and logistics operations around the world where cultural and operational variables, labor uncertainty, and lack of business sophistication and standards make outsourcing a preferable strategy. That remains a primary driver.

Beyond geographic scope and physical presence, 3PLs are adapting their technology infrastructure with borders in mind. Operating offshore is a challenge for U.S. businesses. So is customs compliance, security protocol, and communication among suppliers, manufacturers, local carriers, and consignees.

One-quarter of surveyed 3PLs provide customers with global trade management technology—a necessity when navigating complicated compliance requirements that require soliciting important shipment information from hard-to-reach vendors and contract manufacturers, then communicating that documentation to local authorities. That's essentially what U.S. Customs and Border Protection's Importer Security Filing mandate now requires.

In terms of services, import/export customs is the most common among 3PLs, with 69 percent providing this capability, followed by global trade services (43 percent), and global expansion/sourcing and selling (30 percent). The latter competency is an emerging area for U.S. business growth after years of domestic manufacturing and export sluggishness.

Among shippers responding to *IL's* poll, 29 percent cite "expanding to new markets" as a challenge, topped only by "cutting transport costs" and "improving customer service" (SEE FIGURE 2).

The fall of the U.S. dollar comparative to other global currencies has increased the attractiveness of American-made products.

In a tepid economy where recovery has been glacially slow, businesses that have the wherewithal to grow their brands and market share in other countries are doing so—and 3PLs are helping to pave the way for these inroads.

But as much as shippers favor 3PLs that can help them negotiate the complexities of operating in, and shipping to and from, other parts of the world, service providers are equally game to find willing courtiers. Every global success becomes a stepping stone to another.

THWACK! SOARING COSTS, SINKING CONFIDENCE

On the whiplash end of a devastating recession, companies are now wary that the apocalyptic horseman might lay another one down on the U.S economy. But the way shippers and 3PLs have been working collaboratively over the past year indicates some optimism that industry has leaned itself to a point where it will be able to react more positively to change.

3PLs are well-rehearsed in rescuing companies that are stressed by market pessimism. They feel shared pain, but also work toward shared savings and gains.

An overwhelming majority of both 3PLs (79 percent) and shippers (74 percent) identify "reducing transport costs" as the greatest challenge for outsourcers.

Lengthening supply lines and highly volatile fuel prices place great pressure on both shippers and service providers to be more efficient. Technology plays a major role in how businesses collect and analyze data, then leverage visibility and communication to make better decisions. This impacts how well a shipper forecasts demand, positions inventory, and ultimately transports product at every stage in the supply chain.

Corporate social responsibility has a direct impact as well. The green movement has engendered a great deal of support among 3PLs, shippers, and carrier partners to work more collaboratively and reduce carbon footprints, emissions, and unnecessary energy usage—all of which collectively reduce transportation costs.

More than half of surveyed 3PLs are EPA Smartway Partners, which is remarkable considering that non-asset-based service providers are in the majority. This means that even intermediaries that broker transportation are using green standards to measure and reward carrier performance. It also demonstrates the importance some shippers place on sustainability compliance when selecting 3PL and carrier partners.

Perhaps the greatest transportation shift over the last few years, however, is the growing efficacy and acceptance of intermodal solutions. In 2011, 84 percent of 3PLs say they provide services that facilitate freight movement between modes. More telling, 47 percent view intermodal transportation as the most significant outsourcing strategy in the industry today—topping the list.

As long as capacity, transportation costs, and sustainability remain latent concerns, and railroads, carriers, and 3PLs continue investing in the necessary equipment, services, and infrastructure to make transshipment between modes more accessible and convenient, intermodal usage will grow.

Beyond mode, transportation and logistics spend is often derivative of other supply chain successes and failures. For example, sourcing and procurement strategies, warehouse efficiency, and site selection affect inbound and outbound moves. Apart from reducing costs and expanding global presence, 3PLs report that shippers' other greatest challenges are "reducing inventory" (48 percent) and "business process improvement" (42 percent).

Better matching supply to demand will always be on a 3PL's to-do list when engaging a new customer. Shippers have every incentive to know their customers better so they can scale production, purchasing, and inventory accordingly. In a sluggish economy with fickle and unpredictable spending, it's a tricky proposition. Many retailers and wholesalers are replenishing less at the risk of carrying too much stock. Others are carrying more just in case demand spikes. Inventory strategies are predicated by business type, demand responsiveness, and product throughput.

But companies are taking a second look at where they site distribution facilities. After intermodal transportation, 3PLs report that DC network realignment is the second most-favored strategy in today's market along with 4PL/LLP partnerships (43 percent), followed by demand-driven logistics (42 percent). With so much change in the supply chain—from sourcing locations to new consumer markets—shippers have to keep DC networks fluid and adaptable.

Many companies have opted to site smaller facilities, decentralize distribution footprints, or outsource warehousing responsibility entirely to reduce transportation mileage and corollary costs. Having a 3PL manage a distribution operation is often a preferred option because the service provider can optimize functions and drive down costs. It can execute demand-driven logistics principles, as an example, and create greater efficiencies upstream and downstream in the supply chain. This is where 3PLs leverage business process improvements to grow their relationships with customers.

3PLs always want to get more involved in the inner machinations of a shipper's supply chain because it opens new doors to deeper business process change. Engaging customers with sophisticated supply chain strategies such as demand-driven logistics, or taking on the role of a lead logistics provider, only builds stronger partnerships. Ultimately, that's the best strategy for dealing with economic uncertainty.

POW! The Power of One or More

Apart from creating new sales opportunities through global expansion, shipper priorities revolve around costs, customer service, and quality—in that order—according to this year's survey respondents.

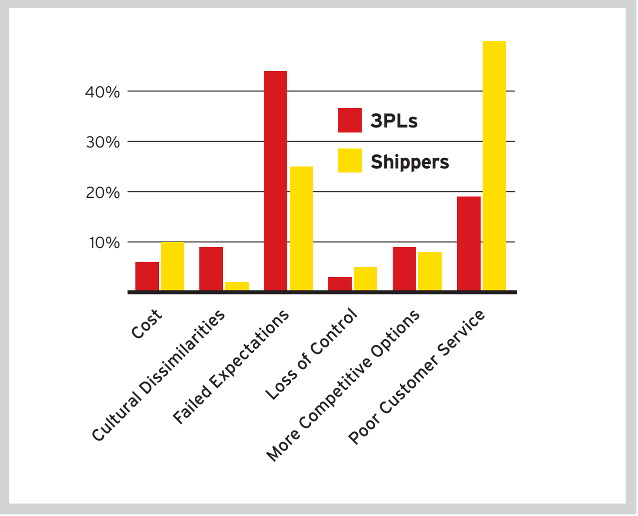
Specifically, 3PL users overwhelmingly value customer service (79 percent) over cost (21 percent)—even with so much pressure to squeeze out supply chain spend. To point, 50 percent of shippers cite "poor customer service" as the primary reason for broken 3PL partnerships, followed by "failed expectations" (25 percent), then cost (10 percent) (SEE FIGURE 3).

Logistics service providers naturally see it differently. They cite "failed expectations" as the number-one reason partnerships don't succeed (44 percent), with "poor customer service" a distant second at 19 percent. "Cost" is a contributing factor according to only six percent of respondents.

There is a natural irony, perhaps hubris, given the fact that 3PLs don't consider customer service a concern for their customers, or a reason why outsourcing partnerships often fall apart. But the anomaly reveals how important it is for 3PLs and customers to establish expectations and set measurable benchmarks when they enter outsourcing agreements.

Shippers appreciate the importance of delivering exceptional quality and service to their customers—at all costs—preserving the value chain between supply and demand. It's a premium that can't be measured simply by price.

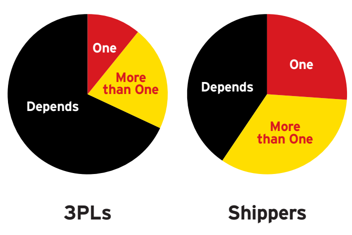
FIGURE 3 **What is the number-one reason for a failed 3PL partnership?**



Shippers also recognize that outsourcing is adaptable. Businesses turn to specialized transportation, warehousing, and logistics service providers when it becomes apparent that managing non-core functions is a poor use of resources. It can be an all-or-nothing corporate-wide effort, or a strategic shift addressing a specific problem area. Some companies are outsourcing more. Others are investing in new technologies, business practices, and talent that allow greater flexibility to effect change internally, then partner with 3PLs as necessary.

Given the proliferation of best-of-breed 3PLs with niche functional expertise, shippers are more inclined to partner with multiple service providers.

FIGURE 4 **Should Customers Generally Partner With One 3PL or More Than One?**



This year, 21 percent of 3PLs indicate customers should partner with more than one service provider, while only 11 percent feel customers should work with one partner (SEE FIGURE 4). In 2010, only 19 percent leaned toward multiple partners.

3PLs understand where and how they can provide value to customers. But they also recognize that shippers have greater flexibility and opportunity to localize specific needs and match outsourcing partners accordingly. The supply chain has become so integrated with 3PLs partnering together, and with carriers and IT companies, that shippers naturally tend to compartmentalize outsourcing. The re-emerging efficacy of 4PLs and LLPs reinforces this trend.

Shippers responding to the same question are more entrenched in their preferences, with 26 percent favoring only one 3PL partner and 33 percent using multiple 3PLs. This data tracks with last year's responses. That said, when asked how many 3PLs they use, 77 percent indicate working with multiple partners.

Such adaptability bodes well for the 3PL space. Shippers value partners that create balance between core and non-core business interests, understanding that when and if logistics and supply chain challenges surface, they have multiple options to choose from. This creates a healthy, dynamic, and competitive market for transportation and logistics services.

BAM! IL'S 2011 TOP 100 3PLS

From this sweeping overview of the 3PL segment, we concentrate our focus on the 2011 Top 100 3PLs as selected by *IL* editors—a composite list of logistics service providers ranging from the venerable old guard to a new collection of industry leaders.

Inbound Logistics' Top 100 3PL Providers list (*next page*) pulls the mask off logistics service providers that excel at what they do. This annual directory presents a diverse group of 3PLs that *IL* editors consider the leaders in the industry, reflecting a broad prism of transportation and logistics capabilities that match unique shipper demands.

Pulling together this roster of Top 100 3PLs demands a great deal of due diligence. More than 250 companies submitted questionnaires for consideration this year, and *IL* editors conducted a careful analysis through surveys, phone interviews, and online research to qualify and vet these selections.

After you process *3PL Perspectives* and pick apart the Top 100 list, we would like to know what you think. Does the information we provide serve as a resource for your business? Does it support trends you see in your own day-to-day operations? Email us: *editor@inboundlogistics.com*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Fully automated rapid cross-dock capabilities
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Customized Value added services
Fully Automated Distribution and Fulfillment Provider
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THE TOP 100

3PL PROVIDERS 2011

ASSET/AREA KEY

- A Asset-based
- N Non-asset Based
- B Both
- ◗ Asia Only
- ■ Europe Only
- ◆ U.S. Only

CONTACT INFO		ASSET- OR NON-ASSET-BASED	AREAS SERVED: ASIA/SOUTHEAST ASIA/INDIA	MIDDLE EAST/NORTH AFRICA	EUROPE/EASTERN EUROPE/RUSSIA	SOUTH AMERICA	US/CANADA/MEXICO	CERTIFICATIONS: SMARTWAY TRANSPORT PARTNER	ISO	C-TPAT	MARKETS SERVED: MANUFACTURING	RETAIL/E-BUSINESS	DISTRIBUTORS/WHOLESALE	SERVICE INDUSTRIES/GOVERNMENT	VERTICAL SPECIALIZATION(S)	LOGISTICS SERVICES: LLP/4TH PARTY LOGISTICS	INTEGRATED LOGISTICS	JIT	GLOBAL TRADE SERVICES	INBOUND LOGISTICS	LOGISTICS PROCESS REENGINEERING
3PD 3pd.com	877-373-7874	N					●	●			●	●	●		CONS, CPG, ELEC, APP, FURN, HEALTH		●				●
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Access America Transport accessamericatransport.com	866-466-1671	N					●	●	●		●	●	●	●	AERO, AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, FURN, GROC, TRADE	●	●	●		●	●
ADS Logistic Services adslp.com	877-237-1330	B					●		●	●	●	●	●	●	AUTO, CONS, CPG, COS, ELEC, F&B, APP, FURN, GROC	●	●	●		●	●
AFN loadafn.com	877-LOAD-AFN	N					●	●			●	●	●	●	AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, FURN, GROC, HEALTH	●	●	●		●	
Agility agilitylogistics.com	714-617-6300	N	●	●	●	●	●			●	●	●	●	●	AERO, AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, FURN, GROC, TRADE	●	●	●	●	●	●
Americold americoldrealty.com	888-808-4877	B	◗			●	●		●		●	●	●	●	AGRI, CPG, F&B, GROC, PHARMA	●	●	●	●	●	●
APL Logistics apllogistics.com	866-896-2005	N	●	●	●	●	●			●	●	●	●	●	AUTO, CHEM, CPG, COS, ELEC, F&B, APP, GROC, PHARMA	●	●	●	●	●	●
Aspen Logistics aspenlogistics.com	800-741-7360	A					◆	●			●	●	●		CPG, COS, F&B, APP, FURN, GROC, HEALTH, PHARMA	●	●	●		●	●
Barrett Distribution Centers barrettdistribution.com	800-279-1801	B					◆	●	●		●	●	●	●	AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, FURN, GROC, HEALTH, PHARMA	●	●	●		●	●
BDP International bdpinternational.com	215-629-8900	N	●	●	●	●	●		●	●	●	●	●	●	AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, FURN, GROC, ENER	●	●		●	●	
Bender Group bendergroup.com	800-621-9402	A					●	●		●	●	●	●	●	AUTO, CPG, ELEC, F&B		●	●	●	●	●
Big Dog Logistics bigdoglogistics.com	713-996-8171	B	●	●	●	●	●	●			●	●	●	●	AERO, AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, HEALTH, ENER, TRADE	●	●	●		●	●
BNSF Logistics bnsflogistics.com	817-917-4134	N	●	●	●	●	●	●		●	●	●	●	●	AERO, AGRI, AUTO, CHEM, CPG, COS, ELEC, F&B, APP, FURN, HEALTH, OIL, PHARMA		●	●	●	●	●
C.H. Robinson Worldwide chrobinson.com	800-323-7587	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, FURN, GROC, ENER, TRADE	●	●	●	●	●	●

VERTICAL SPECIALIZATION KEY

AERO	Aerospace	COS	Cosmetics	GROC	Grocery
AGRI	Agriculture	CPG	Consumer Packaged Goods	HEALTH	Healthcare
APP	Apparel & Textile	ELEC	Electronics	OIL	Oil & Gas
AUTO	Automotive	ENER	Renewable Engergy	PHARMA	Pharmaceuticals
CHEM	Chemicals	F&B	Food & Beverage	TRADE	Trade Show
CONS	Construction & Building Mat'ls	FURN	Furniture		

TRANSPORTATION SERVICES																WAREHOUSING SERVICES						SPECIAL SERVICES										TECHNOLOGY/WEB SERVICES				
PAYMENT AUDITING/PROCESSING	INVENTORY MGMT	VENDOR MGMT	PRODUCT LIFECYCLE MANAGEMENT	SMALL PACKAGE	AIR CARGO	LTL	TL	INTERMODAL	OCEAN	RAIL	BULK	DEDICATED CONTRACT CARRIAGE	FLEET ACQUISITION	EQUIPMENT/DRIVERS	FINAL MILE	PICK/PACK, SUBASSEMBLY	CROSSDOCKING	DC MGMT	LOCATION SERVICES	VENDOR-MANAGED INVENTORY	FULFILLMENT	DIRECT TO STORE	DIRECT TO HOME	IMPORT/EXPORT/CUSTOMS	REVERSE LOGISTICS	MARKETING/CUSTOMER SERVICE	GLOBAL EXPANSION	SECURITY ANALYSIS	CONTINGENCY/CRISIS PLANNING	LOGISTICS/TRANSPORT CONSULTING	LABOR MGMT	EDI	WIRELESS/RFID	WEB ENABLEMENT	VISIBILITY	CUSTOMER/SUPPLIER MANAGEMENT
	●			●								●		●	●	●	●	●	●		●	●	●		●	●				●		●	●	●	●	●
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●	●	●	●		●	●	●	●	●	●	●	●				●	●	●		●	●	●		●	●			●		●		●	●	●	●	●
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	●	●			●	●	●	●	●	●	●			●	●	●	●	●	●	●	●	●		●	●	●	●	●	●	●		●	●	●	●	●
	●		●	●		●	●	●		●		●		●	●	●	●	●			●	●	●		●			●	●	●	●	●	●		●	●
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	●	●	●		●	●	●	●	●	●	●	●				●	●	●		●				●	●	●	●	●	●	●		●	●	●	●	●
	●	●		●		●	●			●		●				●	●	●		●	●			●	●					●	●	●	●	●	●	
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					●	●	●	●	●	●	●					●	●					●		●						●		●			●	
●	●	●	●	●	●	●	●	●	●	●	●				●	●	●			●	●	●	●	●	●	●	●		●	●		●		●	●	●

THE TOP 100

3PL PROVIDERS 2011

ASSET/AREA KEY

- A Asset-based
- N Non-asset Based
- B Both
- ◗ Asia Only
- ■ Europe Only
- ◆ U.S. Only

CONTACT INFO			ASSET- OR NON-ASSET-BASED	AREAS SERVED: ASIA/SOUTHEAST ASIA/INDIA	MIDDLE EAST/NORTH AFRICA	EUROPE/EASTERN EUROPE/RUSSIA	SOUTH AMERICA	US/CANADA/MEXICO	CERTIFICATIONS: SMARTWAY TRANSPORT PARTNER	ISO	C-TPAT	MARKETS SERVED: MANUFACTURING	RETAIL/E-BUSINESS	DISTRIBUTORS/WHOLESALE	SERVICE INDUSTRIES/GOVERNMENT	VERTICAL SPECIALIZATION(S)	LOGISTICS SERVICES: LLP/4TH PARTY LOGISTICS	INTEGRATED LOGISTICS	JIT	GLOBAL TRADE SERVICES	INBOUND LOGISTICS	LOGISTICS PROCESS REENGINEERING
Cardinal Logistics	cardlog.com	888-786-6125	B					◆	●			●	●	●		AGRI, AUTO, CHEM, CONS, CPG, ELEC, F&B, APP, FURN, GROC, PHARMA		●	●		●	●
CaseStack	casestack.com	310-473-8885	N	●	●	●	●	●	●			●	●	●		CHEM, CPG, COS, ELEC, F&B, APP, FURN, GROC, HEALTH	●	●			●	●
Caterpillar Logistics Services	logistics.cat.com	630-743-4101	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, AUTO, CHEM, CPG, APP, OIL	●	●	●	●	●	●
CEVA Logistics	cevalogistics.com	832-348-4500	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AUTO, CONS, CPG, COS, ELEC, APP, FURN, HEALTH, OIL, PHARMA, ENER, TRADE	●	●	●	●	●	●
ChemLogix	chemlogix.com	630-579-8200	N	●	●	●	●	●				●		●		CHEM	●	●		●	●	●
Columbian Logistics Network	columbianlogistics.com	616-514-6008	B					●	●			●	●	●	●	AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, GROC, HEALTH, PHARMA	●	●	●	●	●	●
Comprehensive Logistics	complog.com	800-734-0372	N					●		●	●	●	●	●	●	AERO, AUTO, CPG, ELEC	●	●	●		●	●
Corporate Traffic	corporate-traffic.com	800-787-2334	B	●	●	●	●	●				●	●	●	●	AGRI, AUTO, CONS, CPG, ELEC, F&B, APP, FURN, GROC, HEALTH, PHARMA		●	●	●	●	●
Crowley Logistics	crowley.com	904-727-2122	B	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, FURN, GROC, ENER	●	●	●	●	●	●
CRST Logistics	crstlogistics.com	319-390-6213	N					●	●			●	●	●	●	AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, FURN, HEALTH, OIL, PHARMA		●	●		●	
CT Logistics	ctlogistics.com	216-267-2000	B			■		●	●	●		●	●	●	●	AUTO, CHEM, CONS, CPG, TRADE	●	●	●		●	
CTSI-Global	ctsi-global.com	901-766-1500	N	●	●	●	●	●				●	●	●	●	AERO, AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, FURN, GROC, ENER, TRADE	●	●			●	●
Damco	damco.com	973-514-5000	B	●	●	●	●	●		●	●	●	●	●	●	AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, FURN, GROC, HEALTH, OIL, PHARMA	●	●	●	●	●	●
Distribution Technology	distributiontechnology.com	704-587-5587	A					●			●	●	●	●	●	AERO, AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, FURN, PHARMA, TRADE	●	●	●		●	●
DSC Logistics	dsclogistics.com	847-390-6800	B					●	●	●		●	●	●	●	CPG, COS, ELEC, F&B, APP, GROC, HEALTH, PHARMA	●	●	●	●	●	●
Dupré Logistics	duprelogistics.com	800-356-3659	B					●	●			●	●	●	●	AGRI, AUTO, CHEM, CONS, CPG, F&B, OIL	●	●	●		●	●
Echo Global Logistics	echo.com	312-276-3222	N	●	●	■	●	●	●			●	●	●	●	F&B, TRADE		●			●	●
England Logistics	englandlogistics.com	801-656-4718	B	●			●	●	●			●	●	●	●	AGRI, AUTO, CHEM, CONS, CPG, ELEC, F&B, APP, FURN, GROC, HEALTH, OIL, ENER, TRADE		●	●	●	●	●
Evans Distribution Systems	evansdist.com	313-388-3200	B					●	●	●		●	●	●	●	AERO, AGRI, AUTO, CHEM, CONS, CPG, ELEC, F&B, APP, GROC, HEALTH	●	●	●		●	●
Exel/DHL Supply Chain	exel.com	877-272-1052	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, FURN, GROC, PHARMA, ENER	●	●	●	●	●	●
Expeditors	expeditors.com	206-674-3400	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AUTO, CHEM, CPG, COS, ELEC, APP, FURN, HEALTH, OIL, PHARMA	●	●	●	●	●	●

VERTICAL SPECIALIZATION KEY

AERO	Aerospace
AGRI	Agriculture
APP	Apparel & Textile
AUTO	Automotive
CHEM	Chemicals
CONS	Construction & Building Mat'ls
COS	Cosmetics
CPG	Consumer Packaged Goods
ELEC	Electronics
ENER	Renewable Engergy
F&B	Food & Beverage
FURN	Furniture
GROC	Grocery
HEALTH	Healthcare
OIL	Oil & Gas
PHARMA	Pharmaceuticals
TRADE	Trade Show

				TRANSPORTATION SERVICES												WAREHOUSING SERVICES						SPECIAL SERVICES										TECHNOLOGY/WEB SERVICES				
PAYMENT AUDITING/PROCESSING	INVENTORY MGMT	VENDOR MGMT	PRODUCT LIFECYCLE MANAGEMENT	SMALL PACKAGE	AIR CARGO	LTL	TL	INTERMODAL	OCEAN	RAIL	BULK	DEDICATED CONTRACT CARRIAGE	FLEET ACQUISITION	EQUIPMENT/DRIVERS	FINAL MILE	PICK/PACK, SUBASSEMBLY	CROSSDOCKING	DC MGMT	LOCATION SERVICES	VENDOR-MANAGED INVENTORY	FULFILLMENT	DIRECT TO STORE	DIRECT TO HOME	IMPORT/EXPORT/CUSTOMS	REVERSE LOGISTICS	MARKETING/CUSTOMER SERVICE	GLOBAL EXPANSION	SECURITY ANALYSIS	CONTINGENCY/CRISIS PLANNING	LOGISTICS/TRANSPORT CONSULTING	LABOR MGMT	EDI	WIRELESS/RFID	WEB ENABLEMENT	VISIBILITY	CUSTOMER/SUPPLIER MANAGEMENT
●	●					●	●				●	●		●	●	●	●	●	●	●	●	●	●		●	●				●	●	●	●	●	●	●
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●	●	●	●		●	●	●	●	●	●	●	●			●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

THE TOP 100

3PL PROVIDERS 2011

ASSET/AREA KEY

A	Asset-based
N	Non-asset Based
B	Both
◗	Asia Only
■	Europe Only
◆	U.S. Only

CONTACT INFO	ASSET- OR NON-ASSET-BASED	AREAS SERVED: ASIA/SOUTHEAST ASIA/INDIA	AREAS SERVED: MIDDLE EAST/NORTH AFRICA	AREAS SERVED: EUROPE/EASTERN EUROPE/RUSSIA	AREAS SERVED: SOUTH AMERICA	AREAS SERVED: US/CANADA/MEXICO	CERTIFICATIONS: SMARTWAY TRANSPORT PARTNER	CERTIFICATIONS: ISO	CERTIFICATIONS: C-TPAT	MARKETS SERVED: MANUFACTURING	MARKETS SERVED: RETAIL/E-BUSINESS	MARKETS SERVED: DISTRIBUTORS/WHOLESALE	MARKETS SERVED: SERVICE INDUSTRIES/GOVERNMENT	VERTICAL SPECIALIZATION(S)	LOGISTICS SERVICES: LLP/4TH PARTY LOGISTICS	LOGISTICS SERVICES: INTEGRATED LOGISTICS	LOGISTICS SERVICES: JIT	LOGISTICS SERVICES: GLOBAL TRADE SERVICES	LOGISTICS SERVICES: INBOUND LOGISTICS	LOGISTICS SERVICES: LOGISTICS PROCESS REENGINEERING
FAC Logistics faclogistics.com 252-407-2091	B	◗				●	●			●		●		F&B	●	●	●		●	●
FedEx SupplyChain fedex/us/supply-chain.com 469-524-6938	B	●	●	■		●		●	●	●	●	●	●	AUTO, ELEC, HEALTH	●	●	●	●	●	●
Genco ATC gencoatc.com 800-378-9671	N					●		●		●	●	●	●	CHEM, CONS, CPG, COS, ELEC, F&B, APP, FURN, HEALTH, PHARMA		●			●	●
Geodis Wilson geodiswilson.com 732-362-0647	N	●	●	●	●	●		●	●	●	●	●	●	AERO, AUTO, CHEM, CONS, CPG, COS, ELEC, APP, FURN, OIL, PHARMA, ENER, TRADE	●	●	●	●	●	●
Greatwide Logistics Services greatwide.com 800-798-5988	B					●	●			●	●	●	●	AGRI, AUTO, CHEM, CONS, CPG, ELEC, F&B, APP, GROC	●	●	●		●	●
Hellmann Worldwide Logistics hellmann.net 800-999-9905	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, GROC, ENER, TRADE	●	●	●	●	●	●
Inmar inmar.com 866-440-6917	N					●				●	●	●	●	AUTO, CPG, COS, ELEC, F&B, APP, GROC, HEALTH, PHARMA						●
J.B. Hunt Transport Services jbhunt.com 800-643-3622	B					●	●		●	●	●	●	●	AGRI, AUTO, CONS, CPG, COS, ELEC, F&B, APP, FURN, GROC, OIL, PHARMA, ENER, TRADE	●	●	●		●	●
Jacobson Companies jacobsonco.com 800-636-6171	B	●	●	●	●	●	●	●	●	●	●	●	●	AGRI, CHEM, CPG, COS, ELEC, F&B, APP, FURN, GROC, HEALTH, PHARMA	●	●	●	●	●	●
Johanson Transportation Service johansontrans.com 800-742-2053	N	●		■	●	●				●	●	●		AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, FURN, HEALTH, PHARMA, ENER			●		●	
Kane Is Able kaneisable.com 888-356-KANE	A					◆	●	●		●	●	●	●	CPG, F&B, GROC, HEALTH, PHARMA		●			●	
Kelron Logistics kelron.com 800-668-3785	N					●	●		●	●	●	●	●	AGRI, AUTO, CHEM, CPG, ELEC, F&B, GROC, OIL	●	●	●		●	●
Kenco Logistic Services kencogroup.com 800-758-3289	B					●		●		●	●	●	●	AGRI, AUTO, CONS, CPG, COS, ELEC, F&B, APP, FURN, GROC, HEALTH, PHARMA	●	●	●		●	●
Kontane Logistics kontanelogistics.com 843-352-0011	N					●		●		●	●	●	●	AUTO, CHEM, CPG, ELEC, APP, ENER	●	●	●		●	
Kuehne + Nagel kuehne-nagel.com 203-578-4460	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, OIL, PHARMA, ENER, TRADE	●	●	●	●	●	●
Landstar System landstar.com 877-696-4507	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, AUTO, CPG, COS, ELEC, F&B, APP, FURN, HEALTH, PHARMA, ENER, TRADE	●	●	●	●	●	●
LeSaint Logistics lesaint.com 866-KNOW-3PL	B					◆	●			●	●	●	●	CHEM, CPG, COS, ELEC, F&B, APP, FURN, HEALTH, PHARMA	●	●	●		●	●
LINC Logistics Company 4linc.com 888-334-LINC	B			■		●	●	●	●	●				AERO, AGRI, AUTO, CPG, ENER	●	●	●	●	●	●
Logistics Management Solutions (LMS) lmslogistics.com 800-355-2153	N					●	●	●		●	●	●	●	AGRI, CHEM	●	●	●	●	●	●
Lynden lynden.com 888-596-3361	A	●	●	●	●	●	●		●	●	●	●		AERO, AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, GROC, OIL, PHARMA, ENER, TRADE	●	●	●		●	
LynnCo Supply Chain Solutions lynnco-scs.com 800-424-3952	N					●	●			●	●	●	●	AGRI, AUTO, CONS, CPG, ELEC, OIL	●	●	●		●	●

VERTICAL SPECIALIZATION KEY

AERO	Aerospace
AGRI	Agriculture
APP	Apparel & Textile
AUTO	Automotive
CHEM	Chemicals
CONS	Construction & Building Mat'ls
COS	Cosmetics
CPG	Consumer Packaged Goods
ELEC	Electronics
ENER	Renewable Engergy
F&B	Food & Beverage
FURN	Furniture
GROC	Grocery
HEALTH	Healthcare
OIL	Oil & Gas
PHARMA	Pharmaceuticals
TRADE	Trade Show

TRANSPORTATION SERVICES

PAYMENT AUDITING/PROCESSING	INVENTORY MGMT	VENDOR MGMT	PRODUCT LIFECYCLE MANAGEMENT	SMALL PACKAGE	AIR CARGO	LTL	TL	INTERMODAL	OCEAN	RAIL	BULK	DEDICATED CONTRACT CARRIAGE	FLEET ACQUISITION	EQUIPMENT/DRIVERS	FINAL MILE
	●	●	●	●	●	●	●	●	●	●	●	●		●	●
●	●		●	●	●	●	●	●	●	●	●	●		●	●
	●	●	●			●	●	●		●					
	●	●	●		●	●	●	●	●						●
						●	●	●		●	●	●	●	●	
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
●	●		●												
	●	●				●	●	●		●	●	●	●	●	●
●	●	●		●	●	●	●	●	●	●	●	●		●	●
●					●	●	●	●	●	●	●	●			
●	●	●	●	●		●	●					●			
●	●	●	●			●	●	●			●	●			
●	●	●		●		●	●	●		●		●		●	●
	●	●					●	●							
●	●	●	●	●	●	●	●	●	●		●				●
●	●	●	●		●	●	●	●	●	●	●	●			
●	●	●	●	●	●	●	●	●	●	●	●	●		●	●
	●	●			●	●	●	●	●	●		●		●	●
●		●			●	●	●	●	●	●	●	●			●
●	●	●		●	●	●	●	●	●	●	●	●			●
●		●		●	●	●	●	●		●	●	●			

WAREHOUSING SERVICES

PICK/PACK, SUBASSEMBLY	CROSSDOCKING	DC MGMT	LOCATION SERVICES	VENDOR-MANAGED INVENTORY	FULFILLMENT
	●	●	●	●	●
●	●	●			●
●		●	●	●	●
●	●	●		●	●
●	●	●	●		
●	●	●	●	●	●
	●				●
	●		●	●	
●	●	●	●	●	●
●	●	●	●		●
●	●	●	●	●	●
●	●	●		●	●
●	●	●	●	●	●
●	●	●		●	●
●	●	●	●	●	●
●	●	●		●	●
●	●	●	●	●	●
●	●	●	●	●	●
	●				
●	●			●	●
	●				

SPECIAL SERVICES

DIRECT TO STORE	DIRECT TO HOME	IMPORT/EXPORT/CUSTOMS	REVERSE LOGISTICS	MARKETING/CUSTOMER SERVICE	GLOBAL EXPANSION	SECURITY ANALYSIS	CONTINGENCY/CRISIS PLANNING	LOGISTICS/TRANSPORT CONSULTING	LABOR MGMT
●	●	●	●	●	●		●	●	●
●	●	●	●				●	●	
			●					●	●
●		●	●		●	●	●	●	
●			●	●				●	
●	●	●	●	●	●	●	●	●	●
			●					●	
●	●	●	●	●		●	●	●	●
●	●	●	●	●	●	●	●	●	●
●		●	●	●	●			●	●
●	●		●					●	
●		●	●					●	
●	●	●	●			●	●	●	●
●		●	●	●			●	●	
●	●	●	●	●	●	●	●	●	●
●		●	●				●	●	
●	●	●	●	●			●	●	●
	●	●	●	●				●	●
●		●	●					●	
●	●	●						●	
●			●					●	

TECHNOLOGY/WEB SERVICES

EDI	WIRELESS/RFID	WEB ENABLEMENT	VISIBILITY	CUSTOMER/SUPPLIER MANAGEMENT
●	●	●	●	●
●	●	●	●	●
●	●	●	●	
●		●	●	
●	●	●	●	
●	●	●	●	●
●	●	●	●	●
●	●	●	●	●
●	●	●	●	●
●		●	●	●
●	●	●	●	●
●	●	●	●	●
●	●	●	●	●
●	●			●
●	●	●	●	●
●		●	●	●
●	●	●	●	●
●	●	●	●	●
●		●	●	●
●	●	●	●	
●		●	●	

THE TOP 100

3PL PROVIDERS 2011

ASSET/AREA KEY

- A Asset-based
- N Non-asset Based
- B Both
- ◗ Asia Only
- ■ Europe Only
- ◆ U.S. Only

CONTACT INFO	ASSET- OR NON-ASSET-BASED	AREAS SERVED: ASIA/SOUTHEAST ASIA/INDIA	MIDDLE EAST/NORTH AFRICA	EUROPE/EASTERN EUROPE/RUSSIA	SOUTH AMERICA	US/CANADA/MEXICO	CERTIFICATIONS: SMARTWAY TRANSPORT PARTNER	ISO	C-TPAT	MARKETS SERVED: MANUFACTURING	RETAIL/E-BUSINESS	DISTRIBUTORS/WHOLESALE	SERVICE INDUSTRIES/GOVERNMENT	VERTICAL SPECIALIZATION(S)	LOGISTICS SERVICES: LLP/4TH PARTY LOGISTICS	INTEGRATED LOGISTICS	JIT	GLOBAL TRADE SERVICES	INBOUND LOGISTICS	LOGISTICS PROCESS REENGINEERING
Mallory Alexander mallorygroup.com 800-257-8464	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, AUTO, CHEM, CONS, CPG, F&B, APP, HEALTH, OIL, PHARMA, ENER, TRADE	●	●	●	●	●	●
Matson Logistics matson.com 510-383-9423	N					◆	●	●	●	●	●	●	●	CPG, COS, ELEC, F&B, APP, GROC	●	●			●	●
Menlo Worldwide Logistics menloworldwide.com 866-466-3656	N	●		■	●	●	●	●		●	●	●	●	AERO, AUTO, CHEM, CPG, COS, ELEC, F&B, APP, GROC, HEALTH, ENER	●	●	●		●	●
MIQ Logistics miq.com 913-696-7100	N	●	●	●	●	●	●		●	●	●	●	●	AERO, AUTO, CONS, CPG, ELEC, APP, HEALTH, OIL, ENER	●	●	●	●	●	●
New Breed Logistics newbreed.com 866-463-9273	N	◗		■		●	●	●	●	●	●	●	●	AERO, AUTO, CONS, CPG, COS, ELEC, APP, HEALTH, PHARMA	●	●	●	●	●	●
Nexus nexusdistribution.com 800-536-5220	B					●	●		●	●	●	●	●	AUTO, CONS, CPG, ELEC, F&B	●	●	●		●	●
NFI NFIindustries.com 866-219-7450	A	●	●	●	●	●	●	●		●	●	●	●	AERO, CONS, CPG, ELEC, F&B, APP, GROC, ENER	●	●	●	●	●	●
Odyssey Logistics odysseylogistics.com 203-448-3900	N	●	●	●	●	●	●		●	●		●		AGRI, AUTO, CHEM, CONS, CPG, COS, APP, OIL, PHARMA	●	●		●	●	●
OHL ohl.com 877-401-6400	N	●	●	●	●	●	●			●	●	●	●	AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, FURN, GROC, HEALTH, PHARMA, TRADE	●	●	●	●	●	●
Panalpina panalpina.com 973-683-9000	N	●	●	●	●	●	●	●	●	●	●	●	●	AUTO, CHEM, CPG, COS, ELEC, APP, HEALTH, OIL, PHARMA, ENER	●	●	●	●	●	●
Penske Logistics penskelogistics.com 800-529-6531	B	◗		■	●	●	●	●	●	●	●	●	●	AERO, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, FURN, GROC, HEALTH, PHARMA	●	●	●	●	●	●
Performance Team ptgt.net 866-775-5120	B	◗				◆	●		●	●	●	●	●	AUTO, CPG, COS, ELEC, F&B, APP, FURN, GROC, PHARMA	●	●	●		●	●
Pilot Freight Services pilotdelivers.com 610-891-8100	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AUTO, CHEM, CONS, CPG, ELEC, F&B, APP, FURN, HEALTH, PHARMA, ENER, TRADE	●	●	●	●	●	●
Port Jersey Logistics portjersey.com 609-860-1010	B					●				●	●	●	●	AUTO, CPG, COS, ELEC, F&B, APP, FURN, GROC, HEALTH, PHARMA, ENER	●	●			●	●
Regal Logistics regallogistics.com 866-300-5580	A					●	●		●	●	●	●	●	CPG, ELEC, APP		●			●	●
RMX Global Logistics rmxglobal.com 888-824-7365	A					●	●			●		●	●	AGRI, CONS, CPG, F&B, GROC, OIL	●	●	●		●	●
RR Donnelley rrdonnelley.com/logistics 888-SHIP-RRD	N	●	●	●	●	●	●	●		●	●	●	●	AUTO, CONS, COS, ELEC, F&B, APP, FURN, GROC, HEALTH, OIL, PHARMA, ENER, TRADE		●	●	●	●	●
RSI Logistics rsilogistics.com 517-908-3646	B					●		●		●		●		AGRI, CHEM, CONS, OIL, ENER					●	
Ruan ruan.com 866-782-6669	B					●	●			●	●	●		AERO, AGRI, AUTO, CHEM, CONS, CPG, F&B, FURN, GROC, HEALTH	●	●	●		●	●
Ryder Supply Chain Solutions ryderscs.com 888-887-9337	N	◗		■		●	●	●	●	●	●	●	●	AGRI, AUTO, CHEM, CONS, CPG, ELEC, F&B, APP, FURN, GROC, HEALTH	●	●	●	●	●	●
Saddle Creek Corporation saddlecrk.com 888-878-1177	A					●	●	●	●	●	●	●	●	CPG, COS, ELEC, F&B, APP, GROC, HEALTH, ENER	●	●	●		●	●

VERTICAL SPECIALIZATION KEY

- **AERO** Aerospace
- **AGRI** Agriculture
- **APP** Apparel & Textile
- **AUTO** Automotive
- **CHEM** Chemicals
- **CONS** Construction & Building Mat'ls
- **COS** Cosmetics
- **CPG** Consumer Packaged Goods
- **ELEC** Electronics
- **ENER** Renewable Engergy
- **F&B** Food & Beverage
- **FURN** Furniture
- **GROC** Grocery
- **HEALTH** Healthcare
- **OIL** Oil & Gas
- **PHARMA** Pharmaceuticals
- **TRADE** Trade Show

				TRANSPORTATION SERVICES												WAREHOUSING SERVICES						SPECIAL SERVICES										TECHNOLOGY/WEB SERVICES				
PAYMENT AUDITING/PROCESSING	INVENTORY MGMT	VENDOR MGMT	PRODUCT LIFECYCLE MANAGEMENT	SMALL PACKAGE	AIR CARGO	LTL	TL	INTERMODAL	OCEAN	RAIL	BULK	DEDICATED CONTRACT CARRIAGE	FLEET ACQUISITION	EQUIPMENT/DRIVERS	FINAL MILE	PICK/PACK, SUBASSEMBLY	CROSSDOCKING	DC MGMT	LOCATION SERVICES	VENDOR-MANAGED INVENTORY	FULFILLMENT	DIRECT TO STORE	DIRECT TO HOME	IMPORT/EXPORT/CUSTOMS	REVERSE LOGISTICS	MARKETING/CUSTOMER SERVICE	GLOBAL EXPANSION	SECURITY ANALYSIS	CONTINGENCY/CRISIS PLANNING	LOGISTICS/TRANSPORT CONSULTING	LABOR MGMT	EDI	WIRELESS/RFID	WEB ENABLEMENT	VISIBILITY	CUSTOMER/SUPPLIER MANAGEMENT
	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	●			●	●	●	●	●	●			●				●	●	●	●	●	●	●		●	●	●				●	●	●		●	●	
●	●	●		●	●	●	●	●	●	●	●	●				●	●	●	●	●	●	●	●	●	●				●	●	●	●	●	●	●	
●	●	●	●	●	●	●	●	●	●	●	●	●			●	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●		●	●	
●	●	●	●	●	●	●	●		●	●	●				●	●	●	●	●	●	●	●		●	●	●	●	●		●	●	●	●	●	●	●
●	●	●		●	●	●	●	●	●	●		●		●	●	●	●	●	●	●	●	●	●	●	●	●			●	●	●	●	●	●	●	
●	●	●	●		●		●	●	●	●	●	●	●	●		●	●	●	●	●	●	●		●	●	●			●	●	●	●	●	●	●	●
●				●	●	●	●	●	●	●	●	●					●		●			●		●	●			●	●	●		●	●	●	●	●
●	●	●		●	●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●			●	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●	●		●					●	●	●	●	●	●	●		●	●			●	●	●		●	●	●	●	●
●	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●		●	●	●	●	●	●	●	●	●	
	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●	
	●	●	●		●	●	●	●	●		●	●		●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
	●	●	●	●		●	●	●		●						●	●	●	●	●	●	●		●	●			●	●	●	●	●	●	●	●	●
●	●	●		●	●	●	●	●	●	●		●		●		●	●	●			●	●	●	●	●	●				●		●	●	●	●	●
				●	●	●	●	●		●	●	●										●			●					●		●		●	●	●
	●	●	●	●	●	●	●	●	●	●	●				●	●	●	●	●	●	●	●	●	●	●		●	●		●		●	●	●	●	●
●								●		●	●						●									●				●	●	●		●	●	
●	●	●			●	●	●	●			●	●	●	●	●		●	●	●		●	●		●	●					●		●	●	●	●	●
●	●	●			●	●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●		●	●				●	●	●	●	●	●	●	●
●	●	●		●	●	●	●	●		●		●		●		●	●	●	●	●	●	●	●	●	●				●	●	●	●	●	●	●	●

THE TOP 100

3PL PROVIDERS 2011

ASSET/AREA KEY

A	Asset-based
N	Non-asset Based
B	Both
◗	Asia Only
■	Europe Only
◆	U.S. Only

CONTACT INFO	ASSET- OR NON-ASSET-BASED	AREAS SERVED: ASIA/SOUTHEAST ASIA/INDIA	MIDDLE EAST/NORTH AFRICA	EUROPE/EASTERN EUROPE/RUSSIA	SOUTH AMERICA	US/CANADA/MEXICO	CERTIFICATIONS: SMARTWAY TRANSPORT PARTNER	ISO	C-TPAT	MARKETS SERVED: MANUFACTURING	RETAIL/E-BUSINESS	DISTRIBUTORS/WHOLESALE	SERVICE INDUSTRIES/GOVERNMENT	VERTICAL SPECIALIZATION(S)	LOGISTICS SERVICES: LLP/4TH PARTY LOGISTICS	INTEGRATED LOGISTICS	JIT	GLOBAL TRADE SERVICES	INBOUND LOGISTICS	LOGISTICS PROCESS REENGINEERING
Schenker AG dbschenker.com 800-225-5229	A	●	●	●	●	●		●		●	●	●		AERO, AGRI, AUTO, CHEM, CONS, CPG, ELEC, F&B, APP, FURN, OIL, PHARMA, ENER, TRADE	●	●	●	●	●	●
SEKO Logistics sekologistics.com 800-228-2711	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AUTO, CONS, CPG, ELEC, F&B, APP, FURN, HEALTH, OIL, PHARMA, TRADE	●	●	●	●	●	
Serec of California serec.com 626-961-3666	N	◗		■		●				●	●	●	●	COS, APP		●				
Shippers Warehouse shipperswarehouse.com 214-275-1060	A					◆	●	●		●	●	●	●	AERO, AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, HEALTH, PHARMA, TRADE	●	●	●		●	●
Strive Logistics strivelogistics.com 773-342-5780	B	●	●	●	●	●	●			●	●	●	●	AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, GROC, HEALTH, PHARMA, TRADE	●		●	●	●	●
TMSi Logistics tmsilog.com 603-792-2205	B					◆				●	●	●	●	CONS, CPG, ELEC, PHARMA	●	●	●		●	●
TransGroup Worldwide Logistics transgroup.com 206-244-0330	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, OIL, PHARMA, ENER, TRADE	●	●	●	●	●	●
Transplace transplace.com 866-413-9266	N	◗		■		●	●		●	●	●	●		AUTO, CHEM, CONS, CPG, F&B, APP, FURN, GROC, HEALTH	●	●	●	●	●	●
Tucker Company Worldwide tuckerco.com 856-317-9600	N	●	●	●	●	●	●	●		●	●	●	●	AERO, AGRI, CHEM, CPG, COS, ELEC, HEALTH, OIL, PHARMA	●	●	●		●	●
UniGroup Worldwide Logistics unigroupinc.com 636-305-6606	A	◗				●		●		●	●	●	●	AERO, CPG, ELEC, FURN, HEALTH, PHARMA, TRADE			●		●	
Union Pacific Distribution Services upds.com 800-877-5633	N					●	●			●		●	●	AGRI, AUTO, CHEM, CONS, OIL, ENER			●	●		
Unyson Logistics unysonlogistics.com 314-565-1914	N					◆				●	●	●	●	AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, FURN, GROC, HEALTH, PHARMA	●		●			
UPS ups.com 800-PICK-UPS	B	●	●	●	●	●	●		●	●	●	●	●	AERO, AUTO, CONS, CPG, ELEC, F&B, APP, FURN, HEALTH, OIL, PHARMA, ENER, TRADE	●	●		●	●	●
UTi Services go2uti.com 562-552-9400	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AUTO, CHEM, CONS, ELEC, APP, HEALTH, OIL, PHARMA	●	●	●	●	●	●
Vantix Logistics vantixlogistics.com 972-371-5014	B					●	●			●	●	●		CPG, F&B, GROC	●		●		●	
Wagner Industries wagnerindustries.com 816-421-3520	B					●	●			●	●	●		CPG, COS, ELEC, F&B	●	●	●		●	
Weber Logistics weberlogistics.com 855-GO-WEBER	B					●	●		●	●	●	●	●	CHEM, CONS, CPG, COS, ELEC, F&B, APP, GROC, HEALTH, OIL, PHARMA, TRADE	●	●	●	●	●	●
Werner werner.com 402-895-6640	A	●	●	●	●	●	●		●	●	●	●		AGRI, CONS, CPG, COS, ELEC, F&B, APP, FURN, GROC, OIL, ENER	●	●	●	●	●	●
Wheels Clipper wheelsgroup.com 905-602-2748	B	●	●	●	●	●	●	●		●	●	●	●	AERO, AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, FURN, GROC, ENER, TRADE	●	●	●	●	●	●
WSI (Warehouse Specialists Inc.) wsinc.com 920-731-3115	B					●	●		●	●	●	●	●	AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, FURN, GROC, HEALTH, ENER, TRADE	●	●	●	●	●	●
Yusen Logistics us.yusen-logistics.com 866-383-9873	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, AUTO, CHEM, CONS, CPG, COS, ELEC, F&B, APP, HEALTH, PHARMA, ENER	●	●	●	●	●	●

VERTICAL SPECIALIZATION KEY

AERO	Aerospace	COS	Cosmetics	GROC	Grocery
AGRI	Agriculture	CPG	Consumer Packaged Goods	HEALTH	Healthcare
APP	Apparel & Textile	ELEC	Electronics	OIL	Oil & Gas
AUTO	Automotive	ENER	Renewable Engergy	PHARMA	Pharmaceuticals
CHEM	Chemicals	F&B	Food & Beverage	TRADE	Trade Show
CONS	Construction & Building Mat'ls	FURN	Furniture		

				TRANSPORTATION SERVICES												WAREHOUSING SERVICES						SPECIAL SERVICES										TECHNOLOGY/WEB SERVICES				
PAYMENT AUDITING/PROCESSING	INVENTORY MGMT	VENDOR MGMT	PRODUCT LIFECYCLE MANAGEMENT	SMALL PACKAGE	AIR CARGO	LTL	TL	INTERMODAL	OCEAN	RAIL	BULK	DEDICATED CONTRACT CARRIAGE	FLEET ACQUISITION	EQUIPMENT/DRIVERS	FINAL MILE	PICK/PACK, SUBASSEMBLY	CROSSDOCKING	DC MGMT	LOCATION SERVICES	VENDOR-MANAGED INVENTORY	FULFILLMENT	DIRECT TO STORE	DIRECT TO HOME	IMPORT/EXPORT/CUSTOMS	REVERSE LOGISTICS	MARKETING/CUSTOMER SERVICE	GLOBAL EXPANSION	SECURITY ANALYSIS	CONTINGENCY/CRISIS PLANNING	LOGISTICS/TRANSPORT CONSULTING	LABOR MGMT	EDI	WIRELESS/RFID	WEB ENABLEMENT	VISIBILITY	CUSTOMER/SUPPLIER MANAGEMENT
	●	●	●	●	●	●	●	●	●	●	●				●	●	●	●	●	●	●	●		●	●	●				●	●	●	●		●	●
	●	●	●	●	●	●	●	●	●	●	●				●	●	●	●		●	●	●	●	●	●					●		●	●	●	●	●
				●	●	●	●	●	●	●	●			●		●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	●	●	●	●		●	●	●				●			●	●	●	●	●	●	●	●	●		●	●			●	●	●	●	●	●	●	●
●		●		●	●	●	●	●	●	●	●	●	●		●	●	●	●		●	●	●	●	●	●	●	●			●		●	●	●	●	●
	●	●		●	●	●	●	●	●	●	●	●		●	●	●	●	●	●		●				●					●	●	●	●	●	●	●
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inboundlogistics.com/3pl-profiles

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TOP 10 3PL

READERS' CHOICE

IN THE MOST HARROWING CIRCUMSTANCES, A TRUE SUPER HERO DOES NOT FALTER. Faced with the most gruesome foe, a super hero stands tall and does what others cannot. No matter how insurmountable the obstacles, a super hero makes it through.

Smart businesses know the best way to defeat supply chain villains such as inefficiency, lack of shipment visibility, and tricky compliance issues is to enlist a third-party logistics (3PL) provider.

These supply chain super heroes are ever-ready to respond to a cry for help:

"Landstar is always there when I need them, even on weekends, and are always ready to assist, even in emergency situations," says M.H., planning specialist.

Nothing slips by them:

"Unyson exceeds in managing large volumes of shipments with small volume detail," reports J.W., logistics manager.

They're unfazed by the most daunting circumstances:

"UTi is flexible in handling last-minute orders. They have met every challenge we have thrown at them," raves W.G., shipping coordinator.

And they have the best gadgets in their toolbelts:

"Echo Global uses cutting-edge technologies and solid leadership in managing our logistics needs," says D.O., purchasing and logistics manager.

Responding to our annual Readers' Choice Top 10 3PL Excellence survey, *Inbound Logistics* readers related the ways in which they count on their 3PLs to save the day. More than 10,270 voters showed appreciation for their service providers, and nearly half of them took the time to share their commendations. (See *Powerful Words,* right, for just a few examples.)

Respondents spanned the supply chain spectrum from shipping clerks to CEOs, at one-man shops and global giants such as Kraft Foods, Starbucks, Sears, 7-Eleven, CVS Pharmacy, LG Electronics, Harbor Freight Tools, and Hewlett-Packard. They buy a range of services (see *About the Survey Respondents,* right), often from multiple 3PLs. In fact, 77 percent of survey respondents use more than one 3PL; four companies buy services from more than nine different 3PLs.

One 3PL super power *IL* readers greatly esteem is good communication. "I never have to wait for a response from my 3PL, no matter the issue," shares one reader.

"Our provider keeps us fully informed on the status of our products and goods," says another.

Other readers value their 3PLs' problem-solving abilities. "My 3PL is the aspirin to my headache," comments one shipper. "They always pull us out of bad situations and make the delivery," another notes.

More than anything, readers appreciate 3PLs that deliver great customer service – even if it costs more. Although 23 percent of respondents identify cutting transport costs as their most significant challenge, nearly 79 percent cite service as the top consideration in measuring 3PL performance; just 21 percent weigh cost more heavily. And half the survey respondents cite poor customer service as the primary reason 3PL partnerships fail.

"The customer service we received from our 3PL was a model of excellence," says one reader. "My order was very small, but I was treated with the same regard as a $1-million customer."

"My provider is happy to help with any questions that arise during the transport of our products," another shipper notes.

"When they say they'll do 'whatever it takes,' they are true to their word," says a third.

That "whatever it takes" mentality is another mark of a true 3PL super hero. On the following pages, we celebrate the 3PLs chosen by shippers as most prepared to save the day. Read on to find out which providers were voted the best of the best.

2011 EXCELLENCE AWARDS

AND THE WINNERS ARE...

-1-
C.H. Robinson Worldwide, Inc.

-2-
Ryder

-3-
Menlo Worldwide Logistics

-4-
Transplace

-5-
UPS Supply Chain Solutions

-6-
J.B. Hunt

-7-
BNSF Logistics

-8 (TIE)-
Landstar
Penske Logistics

-9-
Unyson

-10 (TIE)-
UTi
Echo Global Logistics

3PLS TO WATCH

Although they did not receive enough votes to appear on this year's Top 10, the following 3PLs made a strong showing in our reader poll.

- Access America Transport
- England Logistics
- Evans Distribution Systems
- Exel/DHL
- FedEx SupplyChain Services
- Kenco Logistic Services

ABOUT THE SURVEY RESPONDENTS

FUNCTION

Corporate Management	39%
Logistics	31%
Transportation	13%
Supply Chain	17%

INDUSTRY

Manufacturers	46%
Retail and Wholesale	39%
Services	11%
Government	4%

TRANSPORT/LOGISTICS SPEND

$50 Million+	17%
$10-$49 Million	43%
$1-$9 Million	27%
Less than $1 Million	13%

SERVICES READERS BUY

Motor Freight	82%
Warehousing	65%
Small Package, Expedited	72%
3PL	62%
Air Freight	49%
Logistics Technology	66%
Rail, Rail/Intermodal	44%
Ocean, Ocean/Intermodal	41%
Global Logistics	36%
Materials Handling Equipment	41%
Transportation Equipment	20%

POWERFUL WORDS

A SAMPLING OF READER COMMENTS

"BNSF Logistics provides service that runs uninterrupted and smoothly from plant to warehouse to end customer."
– **R.C.,** operations supervisor

"C.H. Robinson always meets my needs. They are always honest and straightforward with cost and availability, which helps me be efficient in my business decision-making."
– **M.R.,** warehouse manager

"Echo Global Logistics is able to effectively and efficiently accommodate any and all freight shipments that my company needs processed."
– **S.M.,** warehouse and logistics manager

"Ryder excels in network development and cost reductions. Continual feedback and network tracking allow us to focus on areas of need."
– **G.J.,** inbound logistics coordinator

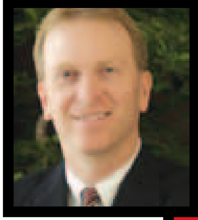
"Menlo helps mitigate the impacts of fuel cost increases, and provides great service and metrics reporting."
– **T.B.,** director of logistics

"J.B. Hunt takes a true partnership approach to servicing our needs, and they're flexible in tight and expansion times."
– **S.S.,** facility manager

TOP 10 3PL EXCELLENCE AWARDS 2011

READERS' CHOICE

1 C.H. ROBINSON WORLDWIDE, INC.



WHY THEY WON: When it comes to C.H. Robinson's customer service, *IL* readers can't say enough about this year's top-rated 3PL. "The team at C.H. Robinson has consistently gone above and beyond the call of duty," says one reader.

The Eden Prairie, Minn.-based 3PL strives to provide flexible transportation solutions to help shippers meet their supply chain challenges, including balancing increased pressures to manage costs and keep inventories lean, while leveraging global opportunities, all in an increasingly volatile transportation environment.

"C.H. Robinson's ability to provide global supply chains with technology and an end-to-end process, from order management to business intelligence, allows our customers to utilize their supply chain as a competitive weapon and adapt to changes in the marketplace quicker than their competitors," says **John Wiehoff, president and CEO**.

Empowering shippers with business agility and lightning-speed responsiveness? Sounds like a supply chain super hero. "Strategic providers help improve operations, and save us money," says Paul Kasinski, director of logistics, General Cable. "C.H. Robinson has done both for us."

CLIENT ROSTER:

- **Coca-Cola**
- Dole Food Co.
- Frito-Lay
- Ocean Spray
- Subway
- Harvest Time International
- JelSert
- General Cable
- ChemPoint

CASE STUDY: TOSHIBA

Faced with a growing global supply chain and lack of visibility to key metrics, Toshiba International Corporation's Motor Business Unit turned to C.H. Robinson.

The 3PL's TMS and Toshiba's ERP systems combined to create Toshiba's new Global Supply Chain Management System approach to supply chain solutions. By providing visibility on a global scale, Toshiba gained access to its true supply chain costs, strengthened inventory control efficiencies, and received the business intelligence it needs to make more timely and accurate tactical and strategic business decisions.

2 RYDER

WHY THEY WON: Ryder focuses on its lean guiding principles as the foundation for achieving exceptional execution. "Our teams eliminate waste by engaging employees and using visual cues, problem-solving jackets, and Value-Stream mapping," says **John Williford, president, Global Supply Chain Solutions, Ryder System Inc.** "This strategy delivers shortened lead times, built-in quality, and continuous improvement – ultimately increasing the speed to market for our customers' goods."

The Miami-based 3PL's dedication to meeting customer needs has not gone unnoticed. "Ryder works to be a value-added partner by innovating and reinventing the way they do business," says one reader.

Ryder customer Craig Woischwill, vice president of operations at the *Miami Herald*, agrees. "Ryder's commitment to our transportation operations goals, and 63 years of support, have enabled us to operate a reliable and cost-effective distribution system," he says.

CLIENT ROSTER:

- Toyota
- CVS Caremark
- Bacardi
- Stonyfield
- Kraft
- PepsiCo
- Pilot Pen Mexico
- Shell
- Mazda
- Procter & Gamble

CASE STUDY: MILO'S TEA

Milo's Tea Company, a tea manufacturer located in Birmingham, Ala., distributed its Famous Sweet Tea to a network of more than 330 grocery retailers for five decades. Then it turned to Ryder to help meet stringent customer service requirements across its distribution network.

Faced with an aging, unreliable fleet and rising distribution costs, Milo's and Ryder teamed up to find efficiencies that would improve Milo's fleet and driver operations for the long term. Today, Ryder's Dedicated Contract Carriage solution includes managing seven drivers, six refrigerated trailers, route planning for Milo's entire direct-to-store delivery network, and dunnage support.

3 MENLO WORLDWIDE LOGISTICS

WHY THEY WON: Readers who voted for San Mateo, Calif.-based Menlo Worldwide Logistics cited the 3PL's "flawless execution," "innovative solutions," and "best-in-class warehouse management, high-touch account management, and Lean warehousing capabilities."

Others cheered the 3PL's consistency and dependability. "Menlo's performance makes me look good to our executive management," says one transportation manager.

For **Menlo Worldwide Logistics President Bob Bianco**, two areas in which the 3PL gives shippers an edge are sustainability and continuous improvement.

"More of our customers are asking for help with sustainability – defining and understanding their carbon footprint, and how transportation and logistics impacts it," he says. "They want to understand their current exposure and risk areas, and how to reduce them. Our Lean methodologies work well in this area, and we've developed specific Lean Sustainability tools and services to help our customers face this challenge.

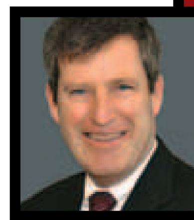
"Shippers are also concerned with continuous improvement across the supply chain, and reducing expense in an environment where capacity is tight and transportation and logistics costs are increasing," Bianco continues. "One unique approach Menlo has taken is inviting our customers to participate in value stream mapping sessions with us. This specific approach lets us identify nodes and activities where there is waste, which equates to unnecessary cost. We give shippers a road map that helps them understand where waste and related costs are, and how they can be eliminated."

CLIENT ROSTER:

- Caterpillar
- Comcast
- Dow Chemical
- Electrolux
- HP
- Bobcat
- Solyndra
- Nike
- Triumph
- **Navistar, Inc.**

4 TRANSPLACE

WHY THEY WON: *IL* readers praise the Dallas, Texas-based 3PL's efforts to supply exactly what the shipper needs. "Transplace brings new solutions and innovative approaches to transportation and supply chain demands," says one reader.



"As capacity tightens, transportation costs are increasing, and our customers can't pass along cost increases to their customers," says **Transplace President and CEO Thomas K. Sanderson**. "Transplace helps shippers expand private and dedicated fleets by providing access to a broader network of freight. We also create multiple-customer, shared dedicated fleets, and co-load multiple customers' freight on the same trailer."

For Transplace customer ARCOP, the supply chain cooperative for the Arby's restaurant chain, the 3PL's carrier development program provides vital supply continuity. "Transplace's long-standing relationships with a large carrier network help ensure products are available when our customers need them," says David Cox, ARCOP president.

CLIENT ROSTER:

- ARCOP
- Anna's Linens
- Baker Hughes
- Colgate-Palmolive
- Del Monte
- DIRECTV
- Huhtamaki
- Sunny Delight
- Microsoft
- Intertape Polymer Group
- U.S. Gypsum

CASE STUDY: U.S. GYPSUM

Transplace developed a customized solution to help materials manufacturer U.S. Gypsum (USG) eliminate its manual-intensive transportation processes. The 3PL's transportation management system handled all freight movements from USG's production facilities, and its Business Intelligence (BI) allowed the company to access and develop custom reports on-demand to generate detailed insight into transportation operations. The BI data provides visibility that enables USG to address transportation issues and formulate solutions quickly.

In addition to transportation savings ranging from seven to 10 percent, on-time delivery performance increased by double-digit percentage points. Both USG and Transplace emphasize growth and continuous improvement practices.

TOP 10 3PL EXCELLENCE AWARDS 2011

READERS' CHOICE

5 UPS SUPPLY CHAIN SOLUTIONS

WHY THEY WON: UPS customers praise the Atlanta-based 3PL's range of service offerings. The company has focused on cultivating this spectrum of functions to meet customer needs. "UPS has strategically become one of only a handful of companies in the world capable of managing all the critical touchpoints of the supply chain process under one brand," says **Brad Mitchell, UPS president, logistics and distribution**.

Access to just the right tools gives shippers working with UPS a strategic advantage. "Using UPS's field stocking location network gives our field engineers a competitive edge in the service and support marketplace," says customer Carestream Health, a medical and dental imaging and information technology provider led by CEO Kevin J. Hobert.

CLIENT ROSTER:

- Precision Dynamics
- Skirts Plus
- Intralox
- **Carestream Health**
- Vology Data Systems
- College Park Industries
- Dr. Reddy's Pharmaceuticals

CASE STUDY: CARESTREAM HEALTH

Rochester, N.Y.-based Carestream Health operates in 150 countries with tens of thousands of customers. The company was concerned about its ability to maintain competitiveness and a high standard of customer service because of difficulty with its parts planning process, which could delay getting critical imaging parts to locations such as hospitals, and high costs associated with technicians carrying excessive inventory (called "trunk stock").

UPS Supply Chain Solutions worked with Carestream Health to store the expensive, less-utilized parts in 70 field stocking locations (FSLs) around the world, which reduced trunk stock inventory and improved customer service, because the FSLs are fully integrated into UPS's global transportation network. This strategy ensures easy access to parts and reliable same-day service to customers.

6 J.B. HUNT

WHY THEY WON: "J.B. Hunt's asset-based 3PL model delivers value first by seeking to understand customer needs," says **Shelley Simpson, president, Integrated Capacity Solutions, and executive vice president, J.B. Hunt Transport Services**. "Our customized solutions match customers' needs with our services."

The Lowell, Ark.-based 3PL's strategy works for customer Smart Cabinetry. "J.B. Hunt's talented group of professionals has engineered and facilitated the necessary programs to support Smart Cabinetry's double-digit growth over the past two years," says Kirk Barron, Smart Cabinetry.

For *IL* readers, J.B. Hunt excels in providing "well-rounded offerings," "outstanding communication," and "world-class assistance with billing and shipping issues."

CLIENT ROSTER:

- Coca-Cola
- Kohl's
- Amazon
- Costco
- Walmart
- Frito-Lay
- Petco
- Kraft
- Sysco
- Smart Cabinetry

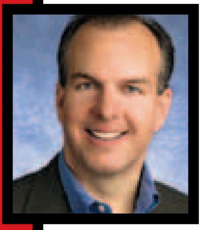
CASE STUDY: SMART CABINETRY

Smart Cabinetry, a mid-sized cabinetry company in New Paris, Ind., approached J.B. Hunt for help with its production and transportation challenges. Products pushed through production often sat on full docks waiting for transportation. Transit was unreliable, and costs for expedited shipping and less-than-truckload (LTL) shipments were high.

J.B. Hunt helped Smart Cabinetry design a new streamlined production process in which product coming through the line was designated for a truck that day, helping eliminate costly, last-minute LTL shipments. Technology solutions offered greater visibility throughout the pipeline, enabling the company and its customers to know where shipments were and when they would arrive.

1 BNSF LOGISTICS

WHY THEY WON: Springdale, Ark.-based BNSF Logistics focuses on meeting customer needs through flexibility and innovation. "Truck, rail, and intermodal are in our team's DNA, but we have adapted that basic philosophy to ocean, less-than-truckload, and air services," says **BNSF Logistics President Ray Greer**.



BNSF Logistics recently constructed a shared, multi-modal supply chain between one group of import customers in oil and gas, and a group of export grain shippers moving product across the Pacific. The solution, based at a new facility in Minot, N.D., involves rail and ocean providers, transloaders, and other collaborators, and was designed to broaden the North Dakota agriculture community's available modal shipping options. With the heat turned up on oil and gas exploration in the state, BNSF Logistics leveraged the eastbound flow of containers loaded with ceramic proppants to establish a closed-loop facility that benefits the agriculture community for exports and the oil industry for import products.

For *IL* readers, BNSF Logistics makes the list for its "competitive rates and superior communication," "efficiency and reliability," and "commitment to service and excellence."

CLIENT ROSTER:

- Gamesa Wind USA
- Oshkosh Truck
- Amazon
- IKEA
- Kohl's
- Rio Tinto
- LaZBoy
- **GE**
- Morton International
- Ross Labs
- North Dakota Mill

CASE STUDY: NORTH DAKOTA MILL

Because of its location and the established flows of export container traffic, North Dakota Mill, of Grand Forks, N.D., had not had access to intermodal capacity at a competitive price, which limited its ability to target export markets.

"The opportunities now presented by BNSF Logistics via the Minot, N.D., facility have opened doors for us to successfully pursue sales in the Far East marketplace," says Mike Jones, logistics manager, North Dakota Mill.

TIE 8 LANDSTAR

WHY THEY WON: With nearly 8,000 business capacity owners and more than 25,000 other available transportation capacity providers, Landstar's system offers a unique mix of transportation solutions for customers large and small. Serving a range of business needs is the Jacksonville, Fla.-based 3PL's goal.

"Customers continue to look for ways to manage their supply chains to reduce cost, optimize their networks, and improve service," says **Henry Gerkens, Landstar chairman, president, and CEO**. "Reduced staff, coupled with tight capacity, has led many providers to seek guidance on how to best deploy their resources. Landstar's Supply Chain Solutions provides sophisticated procurement and optimization tools, shipment visibility, tracking, and event management to help customers leverage their position with transportation modes."

One satisfied Landstar customer remarks, "They do what they say and when they say they are going to do it."

"The customer is always first," notes another reader.

CASE STUDY: A TOP-TIER AUTOMOTIVE SUPPLIER

A top-tier automotive supplier was looking to improve cost, visibility, and productivity within its ground expedited network. The company chose Landstar Supply Chain Solutions because of its ability to increase efficiencies through optimal mode selection, improve service through the use of a core carrier base and standardized processes, and reduce costs through increased competition among the carrier base.

Landstar provided a single-source contact for plants and suppliers while reducing three full-time personnel, and monitored performance on all air carriers, including creating monthly scorecards.

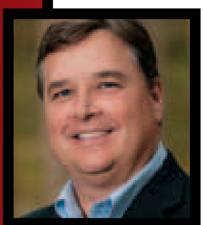
Shortly after the expedited program launch, the company expanded Landstar Supply Chain Solutions' role to include managing specialized loads and, most recently, air charter, which uses Landstar Capacity Plus to post new shipments to a base of authorized air charter carriers for bid. The customer can view multiple price and delivery options prior to selection of an Air Charter Manager. Plants can also view status updates with user- or plant-specific Web pages.

TOP 10 3PL EXCELLENCE AWARDS 2011

READERS' CHOICE

TIE 8 PENSKE LOGISTICS

WHY THEY WON: "Where Penske Logistics adds tremendous value is engineering supply chain solutions that deliver real cost-saving results," says **Marc Althen, president, Penske Logistics**. "We leverage our logistics engineering, processes, and technologies to help customers diagnose problem areas and get a much clearer understanding of their costs. Then, we collaborate closely and formulate a cost-saving strategy that may leverage our products such as dedicated carriage, warehouse optimization, transportation management, or another customized solution to drive these savings home."



This strategy is benefiting Penske Logistics customers such as Scotts Miracle-Gro Company. "Penske Logistics has been supporting Scotts Miracle-Gro's Ohio operations with outstanding dedicated carriage services since 2005," says Jim Iovino, vice president of global logistics, Scotts Miracle-Gro Company.

Readers celebrate the Reading, Pa.-based 3PL's "great execution," "best-in-class technology, innovation, and service across multiple industry verticals," and "integrity and operational excellence."

CLIENT ROSTER:

- Scotts Miracle-Gro Company
- Mission Foods
- Cardinal Health
- Wawa
- **Ford**

CASE STUDY: SCOTTS MIRACLE-GRO COMPANY

Penske Logistics received the 2010 *Outstanding Services Excellence Award* from Scotts Miracle-Gro Company, a lawn and garden care product company, in recognition for its inbound and outbound dedicated contract carriage services.

"This honor acknowledges Penske's positive working relationship with Scotts Miracle-Gro," says Dennis Abruzzi, Penske Logistics' senior vice president of operations for the Eastern region. "We also collaborated with Scotts Miracle-Gro to integrate a new transportation management system, and aided in the expansion of its distribution network."

9 UNYSON

WHY THEY WON: "Unyson handles problems very quickly, and communications skills are great," raves one *IL* reader.

"I've always had a pleasant experience working with Unyson," says another. "They are on top of everything, and have been able to cover loads that other 3PLs haven't."

The Downers Grove, Ill.-based 3PL seeks to arm its clients with information management and market intelligence so they can make smart, real-time decisions that positively impact their business.

"Because of the long supply chains in global markets, decision support information must be accurate and timely to prevent disruption in the flow of product and materials," says **Dave Porter, executive vice president, Unyson**. "We manage global supply chain data and report it to our clients in the context of related industry and geopolitical events. Our clients are presented with quantified recommendations and implications that support educated actions."

CLIENT ROSTER:

- Big Lots
- The Home Depot
- Harbor Freight Tools
- Toys "R" Us
- General Mills
- WD 40 Company
- Rexam
- Pfizer
- **Nestle**
- Suzano Pulp and Paper

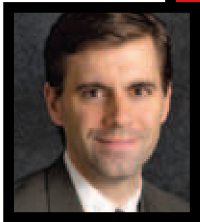
CASE STUDY: REXAM

In 2008, consumer packaging company Rexam acquired the entire plastics packaging business of Owens-Illinois. Although the acquisition helped Rexam grow market share in the plastics market, it faced the immediate challenge of managing a much more complex supply chain, having a decentralized model with limited control in logistics management and cost.

Unyson Logistics provided centralized transportation management solutions and expertise in change management to assist with changing the approach of the entire network. The 3PL provided the medium for Rexam to challenge the supply chain status quo, and improve year over year qualitatively and quantitatively from inception to today.

TIE 10 UTi

WHY THEY WON: UTi's strategy for success begins with its clients. "Our global strategy is to bring the best of our services and processes from around the world to our clients at a local level," says **Ed Feitzinger, executive vice president, Global Contract Logistics and Distribution, UTi**. "Our Advance Quality Planning process works with our Quality Management System to ensure a deep understanding of our clients' objectives and validate that the solutions we implement produce mutually agreed-upon outcomes."



The Long Beach, Calif.-based 3PL wins customer appreciation for its reliability and responsiveness. "They are usually able to answer any question within 15 minutes," says one reader.

"UTi meets my every shipping need," states another.

CLIENT ROSTER:

- Adidas
- Ansell
- Diversey
- Dow Corning
- Estée Lauder
- Ford
- Johnson Controls
- Motorola
- Panasonic
- Sunoco
- Boart Longyear

CASE STUDY: BOART LONGYEAR

Boart Longyear, a provider of mineral exploration drilling services and products, requires global transportation of high-value, yet small, diamond-tipped drilling bits, and large, precision-ground coring rods; warehousing and custom packaging of these products; and global warehousing and distribution capabilities.

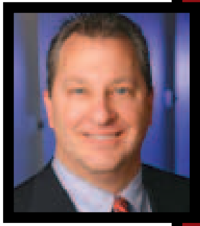
UTi's greatest value-add is the collaborative approach it takes to problem-solving and solutions design. By sharing strategies, plans, and capabilities with one another, Boart Longyear and UTi are able to quickly identify ways to improve Boart Longyear's supply chain through a variety of techniques.

As a result of this partnership approach, Boart Longyear has been able to consolidate the number of Tier I freight forwarding providers by approximately 75 percent, while saving millions of dollars in costs, improving service levels, and reducing administrative overhead.

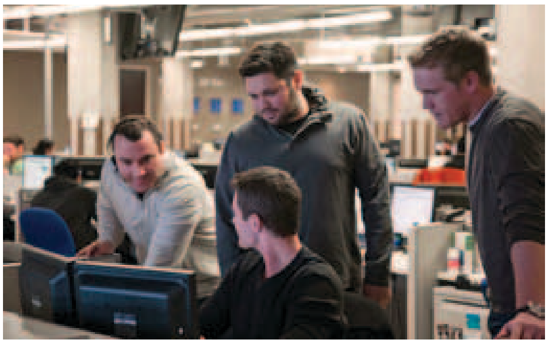
TIE 10 ECHO GLOBAL

WHY THEY WON: *IL* readers offer effusive kudos for Chicago-based 3PL Echo Global. "I never need to give freight a second thought," says one reader. "When Echo moves our goods, I know the follow-through will be there."

Automotive replacement parts and services provider LKQ is another satisfied Echo Global customer. "If we have any regrets, it's that we didn't start working with Echo sooner," says LKQ's Mike Lahr.



As the economic recovery slowly progresses, Echo Global promotes partnership by balancing shipper and carrier concerns. "Providers of transportation capacity are actively working to repair their bottom lines after a deep and extended recession," says **Echo Global CEO Doug Waggoner**. "At Echo, we support the idea that the capacity providers need to be healthy and invest capital to replenish their fleets.



"At the same time, we recognize that shippers cannot withstand double-digit price increases in an economy that is anemic at best," he continues. "We have 24,000 carriers in our database. When combined with our optimization technology, we can help shippers find the right carrier at the right price for every load, so they can save money without having to beat up on carriers."

CLIENT ROSTER:

- Archway Marketing
- LKQ

CASE STUDY: LKQ

In January 2008, Chicago-based automotive replacement parts and services provider LKQ gave Echo Global a list of areas that needed improvement, including maximizing the value of each shipment, communicating logistics information across the company more effectively, and streamlining back-end functions. Using its Evolved Transportation Management technology, Echo developed a customized system that enabled LKQ's local facility managers to choose from a handful of pre-screened carriers for each shipment.

Since partnering with Echo, LKQ has shaved 13 percent from the cost of its less-than-truckload shipments, even as its total revenue has grown more than 25 percent.

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- ☐ Unigroup Worldwide-UTS
- ☐ Union Pacific Distribution Services
- ☐ Unyson Logistics
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DOES SIZE MATTER?

Just right!

Tier II 3PLs Find Their Niche

3PLs come in many shapes and sizes. The "not-too-big and not-too-small" proportions of Tier II 3PLs make them just right for many shippers.

by Amy Roach Partridge

Bigger isn't always better. Just ask the satisfied customers of third-party logistics providers (3PLs) who aren't the biggest fish in the pond.

"As a small, family-owned company, we felt an immediate synergy with our provider, LeSaint Logistics, because of our shared mentality," says Jim Mackowiak, director of customer demand management for car-care company Turtle Wax. "We felt our business was important to them, and that we weren't just another customer on their list."

So-called Tier II 3PLs such as LeSaint generally bring in revenue of less than $250 million annually, and often offer some specialization—in mode, vertical, region, or technology—that allows them to carve out their own niche. Rather than competing with larger 3PLs, Tier II companies often specialize in serving the plethora of small to mid-size businesses in need of supply chain, logistics, and transportation expertise.

"Many Tier II providers excel in specific industry niches. They provide customers with direct, hands-on expertise, with the benefit of a larger platform," says Robert A. Voltmann, president and CEO of the Transportation Intermediaries Association.

"These companies have the financial, technological, and personnel resources to service any need of mid-market shippers, yet they do so with a small-business mentality where customers can pick up the phone and talk to the CEO or owner," he adds.

Why choose a Tier II 3PL? While large 3PLs often bring the advantages of deep pockets, robust staff, and plentiful IT resources, some shippers opt for providers whose smaller size allows them to offer more flexibility, customization, and personalized service. Tier II 3PLs pride themselves on being able to extend many of the same services and capabilities as the larger players, while maintaining the appeal of a more intimate shipper-provider relationship.

"Large providers can be distant," says Rick Rodell, CEO of Cornerstone Systems, a Memphis-based Tier II 3PL. "They offer pockets of highly concentrated service, but a company grows that big by creating systems and functionalities, then getting the customer to fit into them."

Tier II providers have more freedom and flexibility to design systems and processes around their clients, and go to great lengths in the name of customer service. "We move empties from New Jersey all the way to Los Angeles—at our own expense—to take care of a customer," Rodell explains. "We may incur out-of-pocket costs, but our willingness and ability to go the extra mile is part of what we offer shippers."

Ultimately, outsourcing is a service industry, where "the market, human nature, and supply chain needs bring companies together," says Voltmann. But the relationships Tier II providers build with their customers are often among their biggest selling points. Here are three examples of shipper-3PL relationships that are just the right size.

Lansdale Warehouse & RockTenn:

Location+Experience+Technology=A Perfect Fit

Regional and vertical specialization are two hallmarks of Tier II 3PLs. Lansdale Warehouse's ability to offer both was the key reason it was selected as a partner to Norcross, Ga.-based RockTenn, one of North America's leading paper and corrugated cardboard producers. RockTenn, which operates more than 245 facilities in the United States, Canada, Mexico, Chile, Argentina, and China, needed a provider that understood both its business and its customers in the New York/New Jersey/Pennsylvania market area. Pennsylvania-based Lansdale proved a perfect fit, and the partnership has been in place for 10 years.

"When we select warehouse providers, we look for companies familiar with handling our product. Moving large rolls of paper requires special skills and specialized clamp trucks, and operators need to be familiar with safely loading and unloading rail and truck shipments," explains Scott Gamble, manager, demand and inventory, supply chain operations for RockTenn.

"Lansdale was accustomed to working with other integrated paper companies and had demonstrated the ability to handle our products with care," he says. "And it is well-positioned geographically to serve our customers in that region."

Lansdale's electronic data interchange (EDI) capabilities were "icing on the cake," notes Gamble. The provider—which operates five facilities in Pennsylvania and serves the paper, lumber, consumer products, food and beverage, and chemical verticals—provides vendor managed and strategic general inventory services for RockTenn, with EDI as the primary means of processing transactions.

"Multiple paper mills ship product into Lansdale to serve unique customer requirements in the area," Gamble explains. "The EDI connectivity allows RockTenn and Lansdale to

Handling RockTenn's oversized paper rolls requires special skills and equipment. The company values Lansdale Warehouse's experience within this vertical.

exchange a variety of transaction sets, including shipment information, receipt confirmations, and purchase orders. All data flows back and forth electronically each day, allowing us to be more productive and ensure data integrity."

If questions about shipments or receipts arise, RockTenn is able to access its account information by logging into Lansdale's system. The provider also offers transportation services with its own fleet of trucks, which RockTenn uses when fulfilling customer orders in the immediate geographic area.

SOUND INVESTMENTS

Possessing the right operational and technological capabilities is no accident on Lansdale's part. "We invested in technology, customer service, and quality processes to support our value promises to customers and to keep our commitment to continuous improvement," says Paul Delp, president, Lansdale Warehouse.

In addition, Lansdale's Tier II size means it can be flexible and nimble in meeting RockTenn's needs. "Proactive customer service is a trait of the Tier II category," Delp explains. "We strive to understand our customers' business, and because we derive 80 percent of our revenue from 20 percent of our customers, we are very close to those key accounts."

Gamble concurs. "I think of Lansdale's staff as fellow employees," he says. "They are responsive to our needs and always focused on delivering superior customer service."

LeSaint Logistics & Turtle Wax:
The Third Time's the Charm

Partnering with three 3PLs in 10 years is not something that Jim Mackowiak, director of customer demand management for Westmont, Ill.-based car-care company Turtle Wax Inc., is proud of. But sometimes it takes time to find the right partner. Having previously worked with larger 3PLs, Turtle Wax selected a Tier II provider when it contracted with Chicago-based LeSaint Logistics in mid-2009.

LeSaint manages three legs of freight for Turtle Wax out of its Chicago-area DC: inbound freight going to Turtle Wax's Midwest manufacturing facilities; finished goods transferring from the manufacturing plants to LeSaint's DC; and finished goods moving outbound for delivery to Turtle Wax customers, which include big-box stores such as Walmart, Target, and Lowe's, and major auto chains including Advance Auto Parts, Auto Zone, and PepBoys.

LeSaint and Turtle Wax are Chicago neighbors, and share a similar small- to mid-sized business mindset.

"Because of its size, LeSaint can provide an overall nimbleness, flexibility, and attention to detail that I felt was missing from our previous 3PL relationships," Mackowiak says.

LeSaint prides itself on these qualities. "From the beginning of our relationship with a customer, we respond quickly with options. We don't try to make customers fit into a specific set of offerings," says Dino Moler, executive vice president of sales and marketing for LeSaint. "We ensure our values and culture are in line with our customers' values and cultures."

INSTANT ACCESS

For Mackowiak, the ability to pick up the phone and get through to Moler quickly has been critical. The two confer on issues as they arise, rather than meeting only quarterly for a review.

"Even though it's summer, we're already talking about next year's budgets," says Mackowiak. "We looked at high-level numbers and trends, and tried to develop targets for 2012. That conversation would be harder to have with many larger 3PLs."

Mackowiak also appreciates what Moler characterizes as LeSaint's "flatness."

"If an issue comes up, Moler doesn't have to go back through a hierarchy

LeSaint Logistics handles all Turtle Wax product distribution – about 6.5 million cases annually. The 3PL helps the car-care company meet the palleting and order quantity requirements of its automotive store customers.

of five people to give me an answer," Mackowiak says. "He wears many hats because it's a small company, and that benefits us."

MEETING CUSTOMER REQUIREMENTS

Turtle Wax makes and distributes about 6.5 million cases of product annually, all of which LeSaint handles. The auto chains have some unusual requirements, which LeSaint employees have to tackle. The auto stores, for example, ask for pallets to be delivered at a height that does not exceed 40 inches, but a full pallet of Turtle Wax product rises to more than 60 inches.

To meet the auto store requirements, LeSaint must manually insert an additional wooden pallet between layers of product so the chains can separate the shipment into individual rack locations at their DCs. LeSaint and Turtle Wax worked together to address this additional effort and cost, and have begun utilizing a new piece of equipment to improve efficiencies and reduce overall costs in these situations.

"Because the auto chains have tough requirements from an operational perspective, we ask a lot of LeSaint," Mackowiak says. "Its ability to be nimble and flexible in managing those requirements gives us an upper hand as we try to manage costs and bring value to our customers."

Cornerstone Systems & Southern Wine and Spirits:

Delivering Liquor With Service and Savings

As the largest liquor wholesaler in the United States, Southern Wine and Spirits (SWS) works with a variety of logistics partners, large and small. But among the Miami-based company's 250 freight vendors, Cornerstone Systems stands out. The Tier II provider, based in Memphis, is considered one of SWS' core partners—and ranks as high as many of the larger carriers SWS contracts with.

"We count on Cornerstone because they provide us with great service and the flexibility to expedite or slow our supply chain as needed," says Ward Chaplin, senior director of supply chain management, SWS. "That they don't expect us to fit into their mold, but instead are willing to adjust their style and work with us, helps create a higher-level process that suits us both and provides better results."

That is the 3PL's typical approach, says Rick Rodell, Cornerstone's CEO. "Although logistics and transportation are transaction-based, we are not a transaction-based company," he explains. "We're not looking to just amass large volumes at a low price. We strive to develop shipper relationships that require a hands-on approach."

For SWS—which operates 41 warehouses across the country and supplies customers ranging from mom-and-pop liquor stores to convention centers—that

By sending partial shipments via cost-effective boxcar instead of solely by truck, Cornerstone Systems delivers Southern Wine and Spirits transport cost savings while still meeting its customers' time constraints.

hands-on approach is apparent in the way Cornerstone manages the thousands of cases it transports for SWS each week.

Cornerstone provides intermodal, over-the-road, and boxcar service for SWS, taking care to transition between modes based on the time constraints and the economics of each shipment—a process that Chaplin says has saved SWS "in the six figures" since the partnership began in 2003.

"Boxcar is the cheapest way to transport our product, for example, but it is also the slowest," Chaplin explains. "If we have to move 4,000 cases quickly, Cornerstone may recommend that we move one-third of the shipment by truck, and put the other two-thirds in intermodal trailers. It offers this multimodal flexibility seamlessly, and helps us reduce costs and move goods efficiently."

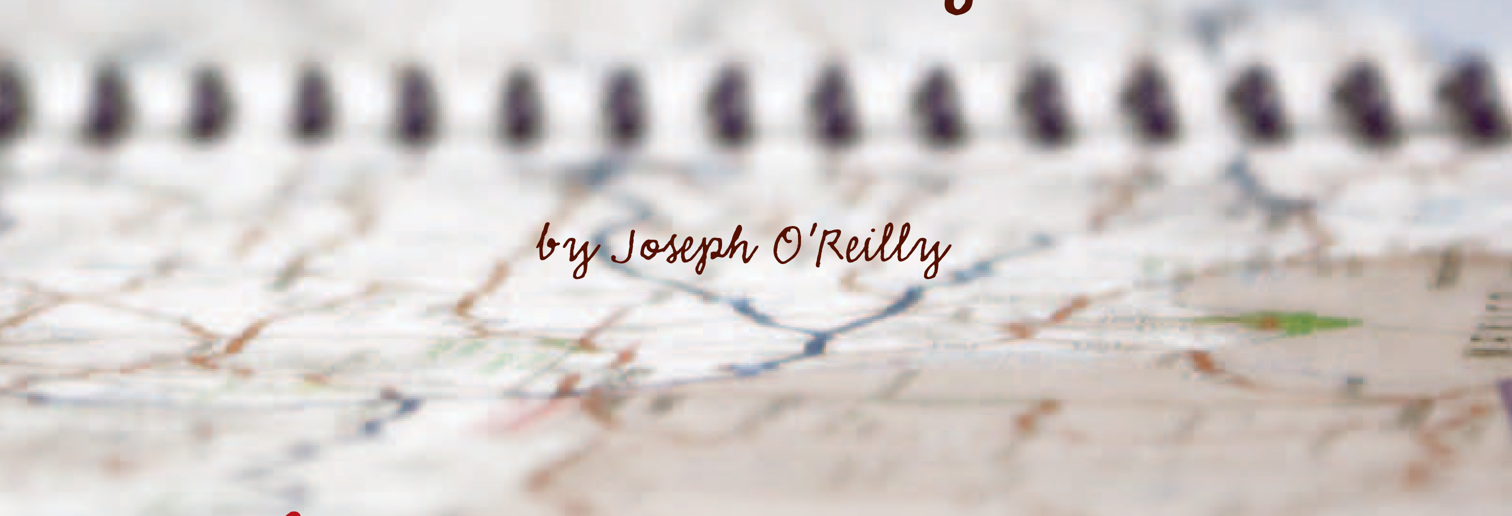
TAILOR-MADE SOLUTIONS

Similarly, Cornerstone helps SWS choose the most cost- and time-effective method for routing its shipments. "If we request pickup at locations A, B, and C, they'll let us know that if we pick up at B, C, then A, we'll save 100 miles and pay less per mile," Chaplin says.

Chaplin believes Cornerstone's dedication to offering tailor-made solutions is a reflection not just of the 3PL's Tier II size, but of the company's internal culture.

"No matter how large Cornerstone grows, I believe its processes will remain the same," he says. "Sometimes when working with larger providers, we struggle to find that one person whom we can depend on. But with Cornerstone, we know whoever answers the phone will be able to provide us the service we need." ■

ON THE ROAD
...again



by Joseph O'Reilly

The U.S. supply chain moves in a blur, constantly shifting directions, absorbing complexity, and alternating speeds to keep pace with demand. But when you zoom in and bring its many transportation and logistics pieces into focus, you discover a colorful composite of unique people, places, and perspectives.

For *Inbound Logistics'* On the Road series, Senior Writer Joseph O'Reilly has traveled the country to convey the big supply chain picture through snapshots of sites such as New Jersey's Port Elizabeth, a train maintenance yard in New Mexico, and an expedited package hub in Memphis.

In the latest installment, O'Reilly hitches a ride on a Mississippi River towboat, exploring how America's foremost marine interstate is redefining its role and relevance in the global supply chain.

New Times on the Mississippi

LOCATION:

A five-mile stretch of the Mississippi River between Granite City, Ill. and St. Louis, Mo.

POPULATION:

Greater St. Louis Region, 2.8 million people

DISTANCE FROM INBOUND LOGISTICS HQ:

977 miles

When you get right down to it, the mighty Mississippi is one big gulp of water. The river drains 41 percent of the continental United States and spans more than 2,300 miles from Lake Itasca in Minnesota to the Louisiana Delta and the Gulf of Mexico. It's the fourth-longest river system in the world.

Geographic superlatives aside, the Mississippi River has also accumulated a wealth of cultural currency, making it one of the most referenced landmarks in the United States. American literature and music have borrowed the most, using the river's folklore to create characters and tell stories that stick in the mind like sticks in the Mississippi mud.

Such attraction is earned. The river's mystique is borne from its importance to U.S. growth and expansion. At one time, the Mississippi was the primary transportation artery into and out of a burgeoning heartland. The pulse of American agriculture, manufacturing, and trade ebbed and flowed with the riverboats that navigated its many turns.

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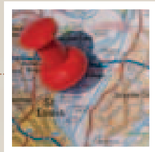


On the Road...Again

New Times on the Mississippi

Like its current, the Mississippi's story keeps moving in different directions, adding new chapters along the way. In April 2011, I embarked on a trip down the river with Paul Wellhausen, president of Lewis & Clark Marine, a St. Louis tugboat line.

As river excursions go, ours was short on time and long on comfort. Naturally, the story runs much deeper.

Locks #27 ushers traffic along the Mississippi River

Gateway to a Big Ol' River

Lewis & Clark Marine operates a section of the Mississippi River between miles 162 and 198, below the confluence with the Missouri River. The tugboat line is primarily responsible for switching and fleeting barges in the Greater St. Louis area. Its base of operations in Granite City, Ill., is on the eastern side of the river, situated just north of the Chain of Rocks Locks, also known as Locks #27, the southernmost locks on the river system.

In the 1940s and 1950s, the Army Corps of Engineers built Locks #27–comprised of a 1,200-foot main lock and 600-foot auxiliary–and a canal to the north to circumvent an unnavigable part of the river. When water levels were low, tugboats and barges often had to wait days until the river rose high enough to avoid bedrock exposures. Today, Locks #27 and the Chain of Rocks canal usher commercial traffic around this stretch of river.

Approaching Lewis & Clark's Granite City headquarters by car, you pass through the Tri City Port district, a 77-square-mile former military base repurposed as an inland river port. Sitting at the docks along the canal on a sunny April morning, the tugboats *Katherine B. Wayne*, *Elizabeth Brown*, and *Velda Taylor* look ready to go at a moment's notice.

The *Katherine B. Wayne*, one of 15 vessels in Lewis & Clark's fleet, is also among its newest. The wheelhouse is the nerve center of the boat. At the heart of the 360-degree-windowed room are the two main engine throttles and the skipper's seat. Dials, dashboards, consoles, and cords positioned above connect CB radios and units displaying engine RPMs, rudder positions, depth, GPS, and radar coordinates among other nautical instruments. Below is a galley and shower, and, down another flight of steep stairs, the engine room.

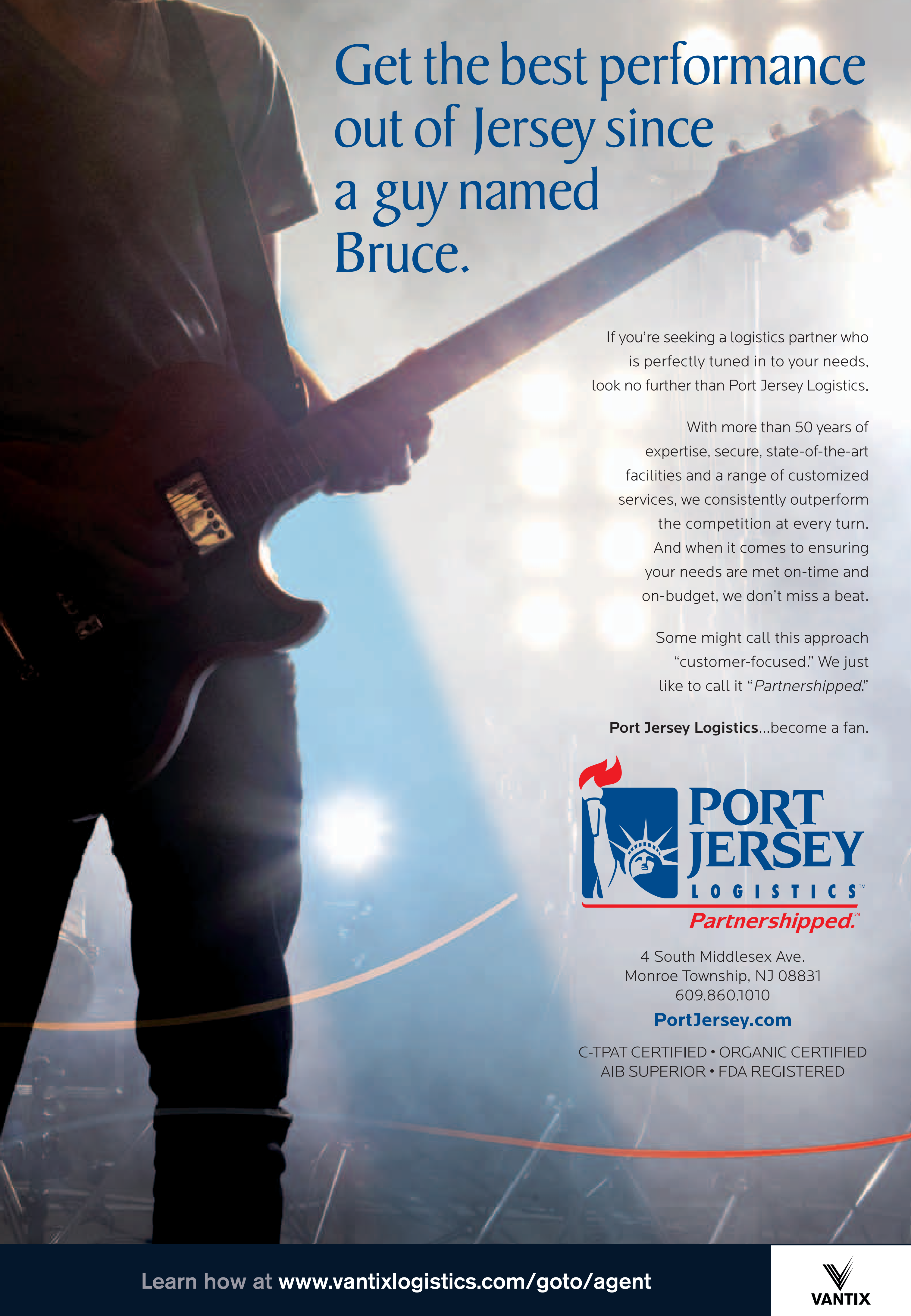
Out on the steering deck, to the boat's aft, two large exhaust fans help ventilate radiated heat from the engine room. Barge rigging is stowed on the bow side of the *Katherine B. Wayne*. Lewis & Clark generally runs three-man boat crews, with a captain and two deckhands. The latter are charged with lashing barges together per customer loading and unloading arrangements.

Finding Color in the Mud

On the Mississippi River, colors are diverse, if muted. Mud seemingly polishes vibrancy into a patina of subtler shades. The green, red, and blue barges – some banked, others anchored in midstream – softly contrast with the churning brown waters.

Even at its most benign, the Mississippi River's dangers are largely unseen. The currents below the Missouri confluence make the area an inhospitable destination for pleasure boats and day-trippers. Commercial traffic rules the day. Consequently, there's constant communication among different tugboat captains passing by, as well as between captains and deckhands working the barges.

Downstreaming through Locks #27 toward St. Louis, potential dangers emerge. Navigating around bridge piers, watching out for chevrons–dykes used as self-regulating dredges–and bypassing 10-barge-wide anchor fleets positioned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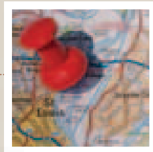
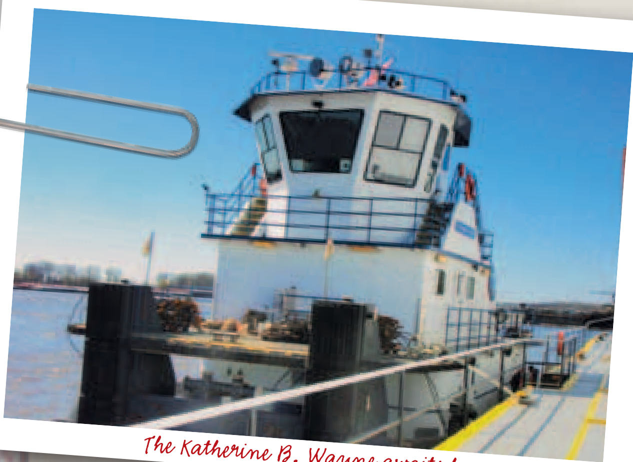


New Times on the Mississippi



The Katherine B. Wayne awaits her next voyage

mid-river demands skill. Weather conditions raise their own unique concerns, from dense fog and intermittent ice floes to drift uprooted and swept along by storms and high water.

In terms of navigation, green and red buoys mark out the main channel and low-water areas. For Lewis & Clark, the buoys are beacons for another reason. "We make our living outside the buoy, on the bank," says Wellhausen.

The company's business is working shore to shore. Like a shortline to a trunk railroad, Lewis & Clark's primary function is to facilitate first- and last-mile connections, repositioning barges between shippers and mainline tugs that haul freight the length of the river system. Customers are many and varied, but all ship bulk commodities, both liquid and dry.

It's a competitive space. Lewis & Clark operates five terminals on both sides of the river, providing bulk transfer services to facilitate transshipment between barge, truck, and rail. It competes with other smaller operators, as well as vertically integrated companies that own both the means of production and transportation.

America's Marine Interstate

The St. Louis area is a hotbed for commercial traffic. Because Locks #27 are the only ones south of the confluence between the Mississippi and Missouri, they move more cargo than any other navigational structure on the river system.

Every year, the Upper Mississippi ferries more than 125 million tons of commodities with a combined value of $20 billion–and those figures are growing. Coal makes up more than 27 percent of this total, followed by grain (26 percent), and aggregates (17 percent), according to Washington, D.C.-based industry lobby Waterways Council.

Most of the grain shipments, which include corn, soybeans, and wheat, are transported to New Orleans and Baton Rouge for export. Coal shipments, by contrast, are primarily bound for power plants located in states along the river.

Exploring the edges of America's foremost inland waterway, you begin to understand its importance as a means for transporting dry and liquid bulk freight to markets near and far. There's a U.S. Steel facility on the left, where partially unloaded barges tilt as a result of displaced weight. Covered hopper barges

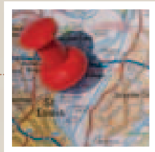
Where Law and Order Prevail

Around mile-marker 182, just north of St. Louis and its famous gateway arch, we float by a vestige of the Mississippi River's recent past: a scrapped, gray casino and gaming cruise ship laid up on the bank, devoid of the grandeur and color that once decorated its exterior.

It's a perfect metaphor for how the river's commercial culture, once notorious for riverboat gambling and lawlessness, is reinventing itself as a highly sophisticated and ordered system increasingly important in today's global supply chain.

Paul Wellhausen, president of Lewis & Clark Marine, notes how the industry is changing. Security and safety are now paramount on the river. Tugboat lines have had to follow the same regulatory course as other maritime users in a post-Sept. 11 world. To even step on board a boat, you must be escorted by a Transportation Worker Identification Credential card-carrying member. Lewis & Clark has prioritized investments in new equipment and employee training to ensure safety standards exceed the norm.

There is still great appreciation for Mississippi River folklore, the ribald tales of seasoned pilots and salty privateers. My sense is that today's riverboat operators share their forebears' pride. They've just grown up some.



filled with cornmeal pass by, bound for Scandinavia. Apex Oil ships liquid asphalt out of a rail-served, riverside facility, moving approximately 20,000 cars annually. Around the bend, a vacant patch of sparse forest is the future site of a new slack-water harbor and dock. Farther along, a barge manufacturing operation's newest creation slides down the muddy bank like a river otter.

Loaded, unloaded, banked, or anchored in the middle of the river, rake-hulled barges (angled), box-hulled barges (vertical), dry hoppers, cement barges, and liquid tankers all offer clues to their contents and how the industry is growing. Hulls are lengthening, with 13- and 14-foot drafts becoming much more common. Barge coaming–the sides that are visible above water–are also increasing in depth, creating more capacity.

St. Louis is widely regarded as the largest inland water port for agricultural products in the world. Lewis & Clark's Tyler Street bulk facility serves BNSF and Union Pacific unit trains, many of which transport grain out of locations such as Montana on the Missouri River or Illinois on the Illinois River. Resurgence in U.S.-grown exports has nurtured that reputation.

"Business on the river is experiencing a renaissance," says Wellhausen. "Exports are phenomenal. Even with recent fires and droughts in Russia, and poor crops in South America, China wants more of everything. And an agriculture boom has helped grow fertilizer imports."

There is also new demand for ethanol, which has become something of a gold rush on the Mississippi River. Combined with the increasing frequency of wind turbine components making their way north from the Louisiana Delta to the windswept Plains, transporting renewable energy resources via the most environmentally friendly and economic mode available is in vogue.

One barge can haul 1,750 tons–equivalent to 70 truck trailers or 16 rail cars, according to the Texas Transportation Institute. Beyond economy, inland towing gets 576 ton-miles per gallon, compared to 413 for railroads and 155 for trucks.

If fuel economy and cost efficiency don't turn heads, a tugboat mindset surely will. On the Mississippi River, operating margins are razor-thin and competition is thick, so tugboat lines such as Lewis & Clark are always pushing the throttle to improve service.

"In this business, you are measured by the last barge you hauled, not the previous nine," explains Wellhausen.

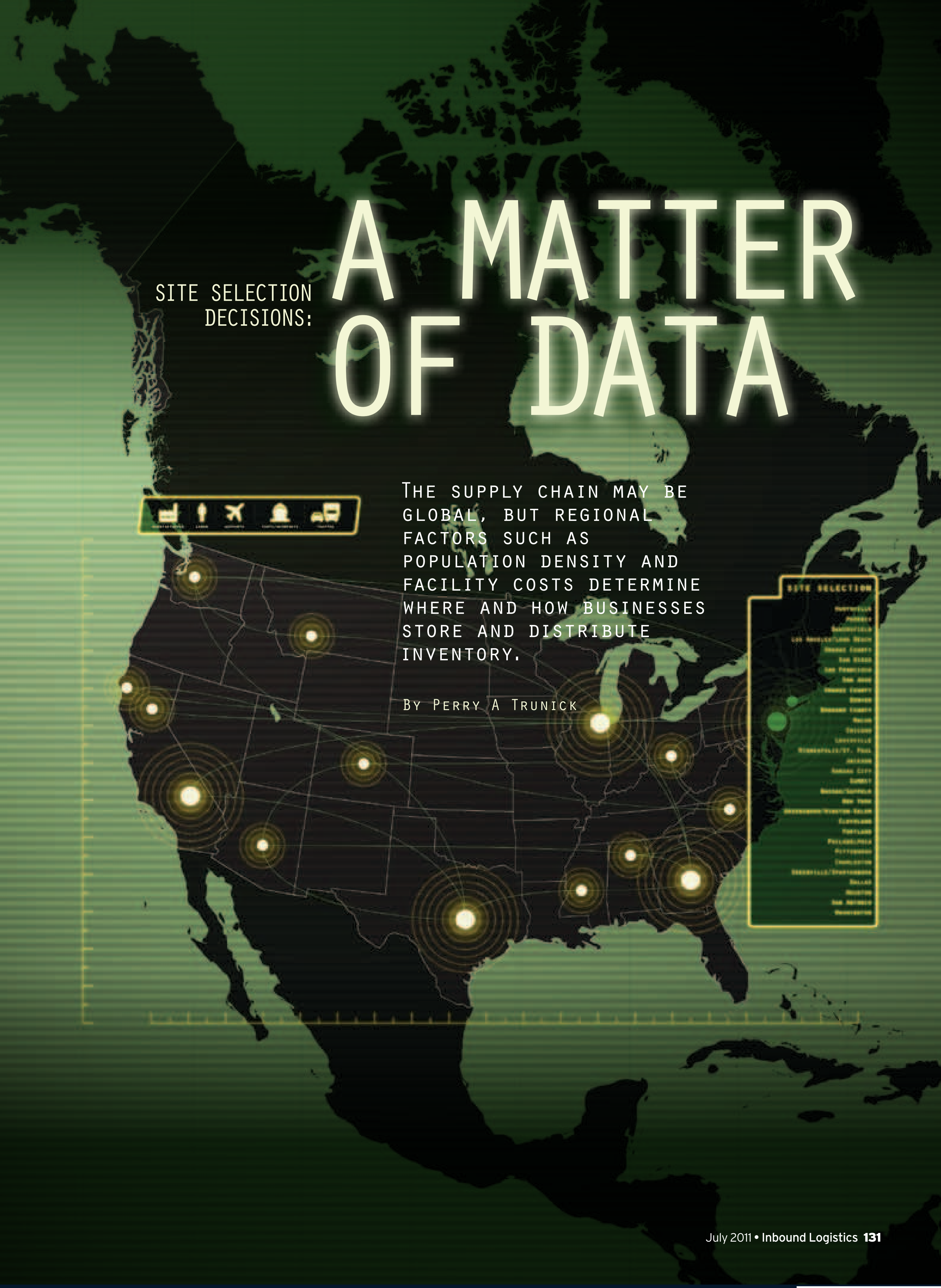
It's an attitude and mantra that resonates all along the Mississippi. Towing the line one barge at a time: it's the river way. ■

When you're bobbing along North America's longest river, situated about in the middle of America, the subtle details that make this marine interstate a vital part of our nation's economy stand out. In the Greater St. Louis area specifically, the buildup of industrial activity on the riverbanks is remarkable. Name a commodity, and a processing or manufacturing facility sits nearby.

This vertical outgrowth is reflected in the clusters of transportation and logistics hotspots that have grown up along the Mississippi River's path: Minneapolis, St. Louis, Memphis, Baton Rouge, and New Orleans. In the United States, barges directly serve 87 percent of all major U.S. cities, accounting for 79 percent of all domestic waterborne freight. Looming capacity shortages and fuel cost concerns are stimulating new interest in inland waterway transport. Dry and liquid bulk have long been staples of tug and barge activity, but opportunities to bring more intermodal container freight to the Mississippi River may not be far off.

With U.S. rail and intermodal traffic growing, it's conceivable that "slower-moving" consumer goods might eventually find their way onto an unhurried barge that is the most economical and environmentally sustainable means of transport around.

If I were a gambling man on a Mississippi River boat, I just might like my odds.



SITE SELECTION DECISIONS:

A MATTER OF DATA

THE SUPPLY CHAIN MAY BE GLOBAL, BUT REGIONAL FACTORS SUCH AS POPULATION DENSITY AND FACILITY COSTS DETERMINE WHERE AND HOW BUSINESSES STORE AND DISTRIBUTE INVENTORY.

BY PERRY A TRUNICK

Choosing a new logistics facility or distribution center (DC) site involves weighing a number of factors and considering numerous details. The best way to start is by thoroughly examining the elements that combine to support your business needs.

Manufacturing and raw materials sourcing play a major role in DC site selection. One reason is that bulk raw materials are typically expensive to transport relative to their value. Manufacturing consumes considerable resources, including raw materials, energy, and labor. As a result, companies locate manufacturing and fabrication operations near those resources.

Distribution is driven by the location of high-value customers, not low-cost manufacturers.

The sourcing/production side of the supply chain usually starts anywhere low-cost materials, labor, and production are available. The options narrow, however, when inbound logistics and distribution functions enter the equation. The earlier in the process a company considers logistics, the more likely it can design supply chain costs and performance to withstand external or internal disruption.

The distribution side of the supply chain is nearly a mirror image of the sourcing decision, but it is driven by the location of high-value customers, not low-cost manufacturers. The network that serves the end user or consumer reflects not only demand, but also customer service needs. Proximity is important in serving a just-in-time automotive plant, for example, and speed to market can be key for fashion-sensitive consumer goods.

DECISION SUPPORT

Many of the same factors come into play when making sourcing and distribution decisions. Local transportation infrastructure, congestion, and available transportation and logistics services are important site selection considerations, whether a company manages logistics in-house or outsources to a third-party service provider. Key factors such as the number, type, and condition of roadways, rail lines, inland waterways, and airports directly affect the ease, consistency, and cost of the flow of goods from the source.

In most cases, examining infrastructure factors will be an exercise in risk management. In addition to infrastructure-related factors, having access to alternative solutions and services can help when responding to disruptions.

The ports and airports serving a region play key roles in supply chain performance. Many developing regions have made strong commitments to creating and enhancing port capacity. Monitoring these commitments and the progress toward completion will be important to ensure minimum disruptions and maximum efficiency. A stalled infrastructure project or the addition of tools, taxes, or fees to cover

costs can dramatically change the original assumptions made in a sourcing decision.

Another factor that comes into play during siting decisions is local regulations. Rules governing transportation and other logistics functions can limit capabilities or capacity, for example. In domestic U.S. logistics, a common area of concern is size and weight restrictions on motor carriers. Tolls, taxes, and fees also come into play. Any of these factors can change based on the needs and desires of local, regional, or national authorities.

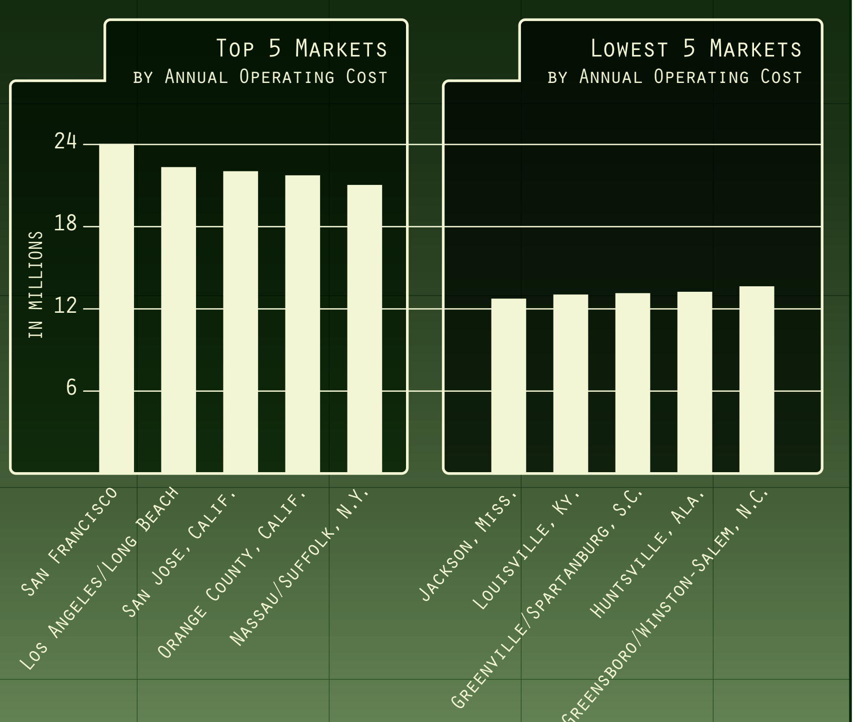
Labor cost and availability are other key factors to consider when choosing a facility location. General labor conditions bear watching, but a more difficult area to evaluate is the market for specialized logistics and supply chain management skills and talent. Areas with substantial logistics operations may have a strong talent pool, but there may be more competition for that limited resource, which can add cost. Constant turnover can also disrupt operations.

SERVING THE POPULATION

Modeling sales/consumption and overlaying future expansion plans provide a good picture of where volumes are concentrated. Optimizing a service strategy with attention to cost is a complex exercise. Deciding how many

HIGH- AND LOW-COST MARKETS

The Boyd Company's *BizCosts* analysis of more than 75 targeted logistics sites reviews operating costs for a conventional 450,000-square-foot warehouse employing 150 non-exempt workers. The analysis weighs geographically variable costs such as energy, labor, land, and taxes. Here's how the most and least expensive markets compare in terms of annual operating costs.



Source: *BizCosts*, Comparative Distribution Warehousing Operating Costs, 2011


Televisions

Add it Up: Logistics Facility Vacancy and Rent Trends

The second half of 2010 brought good news for the logistics market: Vacancy rates in the top 10 locations with Class A logistics facilities were less than 10 percent, according to a report by commercial real estate firm Grubb & Ellis, Santa Ana, Calif.

"The national vacancy rate, the best measure of the overall market state, continued its downward trend during the second half of 2010, ending the year at 12.8 percent," says the report. "For the property market, a decline in vacancies is a positive sign, representing a 50-basis-point improvement over the mid-year figure and a full point improvement over the vacancy recorded at the end of 2009."

"The current elevated vacancy levels are a result of new supply delivered prior to the recession, rather than negative demand," the report adds.

Here's more good news: rents have declined from peak levels prior to the start of the recession in December 2007. Eight of the top sites had asking rents of $5 per square foot or more in the second half of 2010.

"Asking net rents do not capture the entire depth of the decline," the report states. "In addition to declining rents, landlord concessions have risen considerably over the past two years, and one month of free rent per year of term for new tenants has become the norm. This practice alone results in an 8.3-percent decline in net effective rents that is not captured by the asking rents." That may be difficult for landlords, but can be a plus for tenants.

"Supply will remain constrained," says the report. "Currently, less than seven million square feet of new logistics buildings are under construction across the nation, of which only 270,000 square feet are vacant. Additional projects will be announced during the year, but 2011 will be the year with the least amount of new deliveries on record."

Looking ahead, "High demand and no new supply is a great combination for vacancies," the report notes. By the end of 2011, Grubb & Ellis expects the overall logistics vacancy rate to fall to about 11.5 percent. Rental rates will be the last to recover. Net effective rents could see an eight- to 10-percent increase by the end of 2011, but net asking rents will remain relatively flat over the year.

VACANCY PERCENTAGES	
Los Angeles	4.2%
Minneapolis/St. Paul	4.5%
Orange County, Calif	5.5%
Denver	5.9%
Northern Indiana	6.1%
Pittsburgh	6.5%
Cleveland	7.6%
Southern New Jersey	8.8%
Charleston, S.C.	9.1%
Kansas City	9.8%

ASKING RENTS (PER SQ. FT.)	
San Jose, Calif.	$7.19
Broward County, Fla.	$7.15
Los Angeles	$5.73
Cleveland	$5.54
Washington, D.C.	$5.39
Minneapolis/St. Paul	$5.32
Orange County, Calif.	$5.22
Portland, Ore.	$5.02

SOURCE: Grubb & Ellis, "Logistics Market Trends: Second Half 2010"

facilities are necessary to achieve those goals includes the density and distance of distribution lanes.

A generic version of this exercise determined the best warehouse locations to reach the U.S. population in the shortest transit time. The *10 Best Warehouse Networks* model, developed by Chicago Consulting in 2009, displays networks comprised of one to 10 warehouses, and shows projected throughput for each warehouse.

The Chicago Consulting model assumes every member of the U.S. population is a customer, so it's biased toward population. For example, an original equipment manufacturer supplying the automotive industry and aftermarket would have a different customer/population base. The consulting firm's report demonstrates how the algorithms of its model attempt to optimize transit times, and the impact this has on individual warehouses.

Using the Chicago Consulting model, a single warehouse serving the entire U.S. population from Henderson, Ky., would be located within an average of 804 miles of its customers and have an approximate lead time of 2.27 days.

With five warehouses, the Chicago Consulting model achieves an average distance to customers of 264 miles and a lead time of 1.13 days. Throughput by location is:

Summit, N.J.	24%
Macon, Ga.	19%
Dallas, Texas	14%
Chicago, Ill.	22%
Bakersfield, Calif.	21%

The recently completed U.S. Census certainly affects the results of the Chicago Consulting report, based on shifting patterns of population density. In fact, the U.S. Census Bureau released its own "mean center of population" for the United States in April 2011.

The point outside Plato, Mo., is 23.4 miles southwest of the mean center of population, according to the 2000 Census. Plato is approximately 350 highway miles west of Henderson, Ky., the Chicago Consulting point for a single warehouse network. This demonstrates how transit time comes into

play when serving that widely dispersed population.

The top five states relative to population are, in descending order: California, Texas, New York, Florida, and Illinois.

The most populous cities include:

- New York, N.Y.
- Los Angeles, Calif.
- Chicago, Ill.
- Houston, Texas
- Philadelphia, Pa.
- Phoenix, Ariz.
- San Antonio, Texas
- San Diego, Calif.
- Dallas, Texas
- San Jose, Calif.

Based on the Chicago Consulting data and the Census data, it's easy to adopt the common view that to serve the United States with a reasonable distribution network, you should maintain warehouses in Los Angeles, New York, Chicago, Dallas, and Atlanta. There is more to the site selection decision, however, than population and proximity.

WEIGHING COSTS

Locating your distribution operations in the heart of major markets certainly reaps service and time-to-market advantages. But prime real estate in regions with high operating costs doesn't come cheap.

The Boyd Company, a site selection consulting firm based in Princeton, N.J., compiled a cost analysis for warehouse/distribution center operations that takes into account geographically variable costs in more than 75 markets.

The Boyd Company's *BizCosts* analysis establishes parameters for a 450,000-square-foot warehouse employing 150 non-exempt workers, as an example. Using that same model for each market, the report examines comparative costs for electric power and natural gas, land acquisition and construction, ad valorem and sales tax, labor, and shipping.

The model excludes management from labor costs because those salaries are typically not affected by geographic differences. The shipping cost element is based on serving a standard retail consumer market and reflects over-the-road shipments in truckload lots. The purpose of the model is not to provide an actual cost, but an equal cost comparison between markets.

The network of Los Angeles, New York, Chicago, Dallas, and Atlanta, using the *BizCosts* 450,000-square-foot warehouse for each, has an annual operating cost of slightly less than $90.4 million.

Swapping out some of these metro areas delivers considerable savings. Seeking a Midwest alternative to Chicago's $18 million annual operating cost, for example, a company might consider Pittsburgh ($15.5 million); Cleveland ($15.5 million); Columbus, Ohio ($14.7 million); or Indianapolis ($14 million), which all offer savings.

Some recent projects that could have gone to the heart of the New York/New Jersey market (where annual operating costs are $21.3 million) have been shifting to areas such as the Lehigh Valley in Pennsylvania ($16.1 million), in part because of land costs and availability.

LOCATING A DC IN MAJOR MARKETS REAPS SERVICE AND TIME-TO-MARKET BENEFITS, BUT DOESN'T COME CHEAP.

Areas such as southern Nevada are currently developing because land is cheap and readily available, providing alternatives to congested and expensive areas near major ports, including Los Angeles/Long Beach. "We wouldn't have been able to touch those areas a few years ago because of the cost," says Boyd Company founder Jack Boyd.

Part of the interest in areas such as the Lehigh Valley is based on access to major ports from a reasonable distance. Another key factor is the availability of rail service from the port to the inland region. Imports and exports can move through the port quickly and easily, with lower costs for labor-intensive functions such as container loading and unloading.

The Panama Canal expansion has been a boon for inland locations along the East Coast. Interest is already high in the vicinity of ports that have developed favorable agreements with the Panama Canal authority.

Another factor that comes into play for newer warehouses is energy. With the rise of value-added services performed at the warehouse or distribution center, power needs have changed over the years. In addition, some systems in use are more sensitive. Energy costs and reliability, therefore, become an increasingly important part of the site selection decision. Right behind that is a sensitivity to environmental impact, which extends to power sources and other facets of warehouse operations.

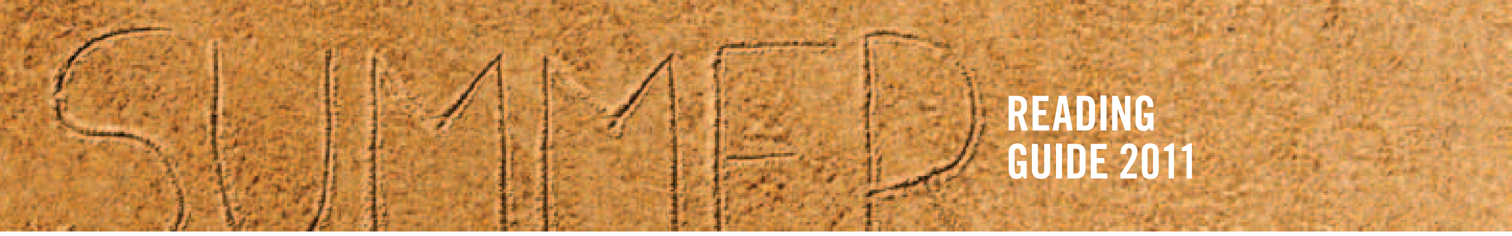
Beyond the facility itself, sustainability issues affect entire networks. An optimized logistics network minimizes miles and, consequently, fuel consumption. This is not only an environmental issue and image builder for many companies, it is also increasingly a cost-control issue. Volatile fuel prices make it more important for companies to develop solutions that offer not only reduced miles, but also provide mode options such as increased use of rail and rail intermodal.

With the wide variety of major and minor factors to consider in a logistics site decision, the process can appear complex. In fact, it is just detailed. The details vary according to each supply chain's particular needs, and researching those areas is important to ensuring an efficient, responsive network. ■

INBOUND LOGISTICS 2011

SUMMER READING GUIDE

Whether you drop a couple of these tomes into your beach bag or download the whole list to your e-reader, diving into the latest books from supply chain and logistics experts will help you sharpen your skills and advance your knowledge on everything from warehouse optimization to transportation planning.



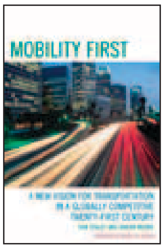
How to Increase Your Warehouse Capacity: 191 Time-Tested Ways to Find Space

By Art Liebeskind

Avoid the costs of building or leasing additional storage by finding space in the warehouse you thought was too small. An engineer with more than 35 years of experience designing and implementing successful distribution facilities, Art Liebeskind provides practical tips for economically gaining space and reducing warehouse costs.

KEY TAKEAWAYS: Improving space utilization begins with defining the facility and stored materials, then maximizing the cube. It's a simple approach that involves numerous factors and decisions, but once you evaluate each aspect of your warehouse, you'll be surprised at how much available space you can find.

FOR DETAILS: www.idii.com



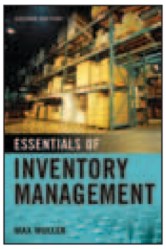
Mobility First: A New Vision for Transportation in a Globally Competitive 21st Century

By Sam Staley and Adrian Moore

The authors detail how to fix America's gridlocked and deteriorating road and transit systems, offering solutions to modernize transit and expand road capacity, set goals for reducing congestion, increase performance standards and transparency, and change the way the nation funds its roads and highways.

KEY TAKEAWAYS: For decades, America has struggled to prioritize and finance large-scale infrastructure projects. Staley and Moore explain how private capital investment and value-priced toll roads can usher in a new era, unclogging our transportation networks and unleashing a system capable of handling our 21st-century economy.

FOR DETAILS: www.rowmanlittlefield.com



Essentials of Inventory Management

By Max Muller

Written for novice and veteran inventory managers alike, this practical book offers guidance on forecasting and replenishment strategies, explains the differences between retail and manufacturing inventories, and provides simple formulas for calculating quantities and schedules.

KEY TAKEAWAYS: Inventory management is about more than counting what you've got. It involves understanding business realities and making decisions that balance current demand with future needs – while keeping overhead and operating costs to a minimum.

FOR DETAILS: www.amacombooks.org

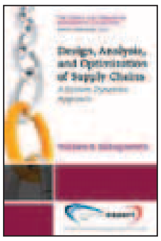
X-SCM: The New Science of X-treme Supply Chain Management

By Lisa H. Harrington, Sandor Boyson, Thomas Corsi

Inbound Logistics Contributing Editor Lisa H. Harrington and two colleagues from the University of Maryland's Robert H. Smith School of Business outline strategies for managing today's complex and unpredictable supply chains, including new techniques for analyzing country-level investments, network configuration, and insourcing/outsourcing decisions.

KEY TAKEAWAYS: The latest generation of network design and optimization applications has created broader opportunities to view and streamline links between supply chain network nodes. New concepts in multi-channel demand signal capture – and in pooling and data warehousing customer signals coming into the enterprise from retail stores, Web sites, and call centers – can bring the enterprise closer to the customer. Emerging practices such as multi-channel supply management and virtualized cross-enterprise inventory pools are enabling rapid response to changes in demand, creating a level of "cyber-kanban" unimaginable a few years ago.

FOR DETAILS: www.routledge.com



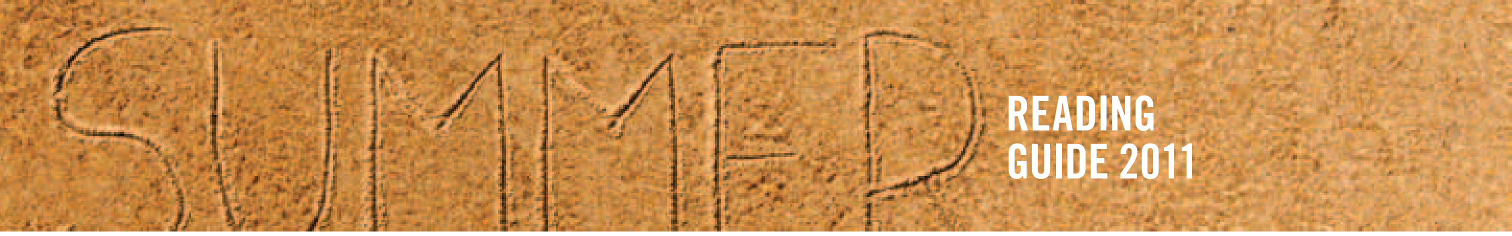
Design, Analysis, and Optimization of Supply Chains: A System Dynamics Approach

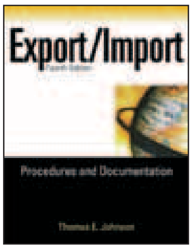
By William R. Killingsworth

Killingsworth uses dynamic simulation models to examine the results of time delays, lack of information, and incorrect planning assumptions. His models demonstrate the benefits of establishing push-pull boundaries in supply chains to provide increased customer service levels with modest, if not reduced, inventory levels.

KEY TAKEAWAYS: A systems dynamic approach to supply chain optimization can help prevent lost sales due to inventory shortages, high costs due to large inventories, work stoppage due to key supplier loss, and supply problems that may be delaying new product introductions.

FOR DETAILS: www.businessexpertpress.com





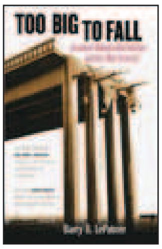
Export/Import Procedures and Documentation

By Thomas E. Johnson and Donna L. Bade

In the ever-changing world of complex international rules, laws, and regulations, even seasoned export/import professionals may find themselves in unfamiliar situations. This comprehensive book supplies readers with a clear view of the entire process, explaining the ins and outs of shipping and insurance; currency exchange; dealing with banks; contracts; customs; and transportation.

KEY TAKEAWAYS: Packed with sample contracts, documents, and ready-to-use forms, *Export/Import Procedures and Documentation* contains up-to-date information on new security procedures, the movement to Internet-based documentation, recently enacted free trade agreements, and increased compliance measures under the Consumer Products Safety Commission.

FOR DETAILS: www.amacombooks.org



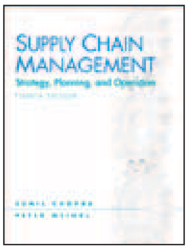
Too Big To Fall: America's Failing Infrastructure and the Way Forward

By Barry B. LePatner

LePatner chronicles the problems that led to the August 2007 collapse of the I-35W Bridge in Minneapolis: poor bridge design and maintenance, ignored expert recommendations for repair, and misallocated funding. He uses the collapse as a stepping stone to a larger discussion about the possibility of a nationwide infrastructure breakdown.

KEY TAKEAWAYS: The author argues that the government prioritizes funding for new projects over maintenance funding for aging infrastructure, and explains the importance of maintaining an effective infrastructure system for the sake of the country's economic strength and national security.

FOR DETAILS: www.upne.com



Supply Chain Management: Strategy, Planning, and Operation

By Sunil Chopra and Peter Meindl

Chopra and Meindl outline the strategic importance of good supply chain design, planning, and operation, offering examples to illustrate concepts and develop a framework for supply chain strategy that incorporates facilities, inventory, transportation, information, sourcing, and pricing.

KEY TAKEAWAYS: Chapters focus on topics such as supply chain drivers and metrics; designing distribution networks; forecasting demand; sales and operations planning; safety inventories; sourcing decisions; and pricing and revenue management.

FOR DETAILS: www.pearson-books.com

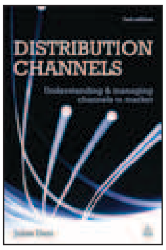
Lean Supply Chain Management Essentials: A Framework for Materials Managers

By Bill Kerber and Brian J. Dreckshage

This book explains why the traditional materials planning environment, typically embodied by an Enterprise Resource Planning (ERP) system, is an ineffective support system for a company that wants to adopt Lean practices. By integrating the principles learned from Toyota's journey with Lean principles, the authors provide the understanding required to approach applying Lean to your supply chain with a methodology that allows for experimentation, learning, and continuous improvement.

KEY TAKEAWAYS: By combining traditional materials management tools, such as sales and operations planning, with Lean manufacturing approaches, and applying them to different manufacturing environments, the authors clarify the logic behind using Lean components, and illustrate how they fit together as a system. The book includes a chart that matches Lean tools to the planning and control charts that have served as the model for ERP systems.

FOR DETAILS: www.taylorandfrancisgroup.com



Distribution Channels: Understanding and Managing Channels to Market

By Julian Dent

Dent explores the ways a business can optimize its routes to market through a thorough understanding of its go-to-market partners' business models. This book defines the role and importance of the various partners involved in the distribution chain, including distributors, wholesalers, final tier channel players, and retailers; and provides advice on managing these relationships for optimum market exposure and successful product delivery.

KEY TAKEAWAYS: Taking into account both the tactical and strategic dimensions of channel economics, *Distribution Channels* provides the knowledge needed to improve your business model, whether you are responsible for the distribution channel of your company or are part of that channel.

FOR DETAILS: www.koganpage.com

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TIA (Transportation Intermediaries Assn)

NITL (Nat'l Industrial Transportation League)

ASTA (American Spice Trade Association)

CLFP (California League of Food Processors)

IANA (Intermodal Assn of North America)

IDFA (International Dairy Foods Association)

OAN (Oregon Association of Nurseries)

OSTA (Oregon Seed Trade Association)

PMA (Produce Marketing Association)

PSA (Pacific Seedmen's Association)

TFPA (Texas Food Processors Association)

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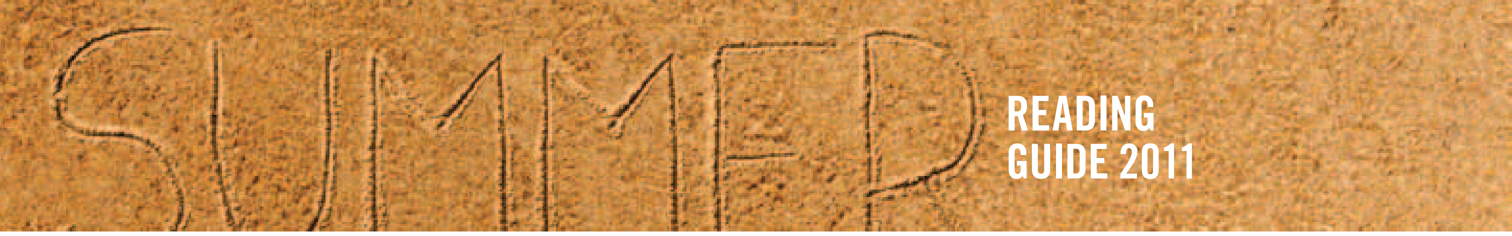
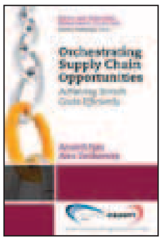




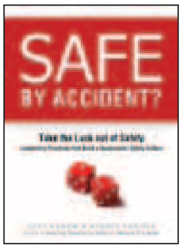
Orchestrating Supply Chain Opportunities: Achieving Stretch Goals Effectively

By Ananth Iyer and Alex Zelikovsky

This book provides a framework for orchestrating supply chain opportunities based on three management concepts: flexibility, agility, and real options (FAR). Through best practice case studies ranging from nonprofit to retail, and encompassing demand surges, regulatory impacts, and natural disasters, the authors demonstrate that creating supply chain opportunities requires deliberate management choices.

KEY TAKEAWAYS: The ability to take advantage of unexpected occurrences and turbulent times lies in how well companies use the FAR concept – scaling to deal with volume shifts; accommodating product changes; and considering external operation factors, the most cost-effective response to variability, and the ability to execute.

FOR DETAILS: www.businessexpertpress.com



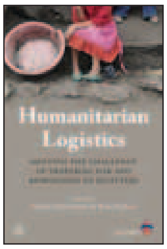
Safe By Accident? Take the Luck Out of Safety: Leadership Practices that Build a Sustainable Safety Culture

By Judy Agnew and Aubrey Daniels

From forklift operator training to hazardous materials handling procedures, safety concerns permeate the supply chain. This resource helps you avoid the seven safety practices that waste time and money, and focus your efforts on effective safety leadership.

KEY TAKEAWAYS: The biggest opportunities for safety-minded leaders lie in developing good relationships within the organization, maintaining a safe physical environment, and creating systems that encourage safe behavior.

FOR DETAILS: www.safebyaccident.com



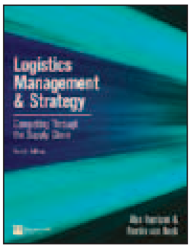
Humanitarian Logistics: Meeting the Challenge of Preparing for and Responding to Disasters

By Martin Christopher and Peter Tatham

Interest in humanitarian logistics has increased in recent years because of events such as Hurricane Katrina, earthquakes in Haiti and Japan, and tornadoes in Missouri. The authors examine the key challenges of organizing and distributing resources to areas hit by natural disasters, including warehousing, procurement, and funding.

KEY TAKEAWAYS: With particular focus on pre-disaster preparation, rather than post-disaster assistance, *Humanitarian Logistics* provides current thinking as well as best practices for those who need to understand the many challenges and ways to respond effectively in this crucial area.

FOR DETAILS: www.koganpage.com



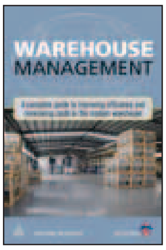
Logistics Management and Strategy: Competing Through the Supply Chain

By Alan Harrison and Remko van Hoek

Logistics and supply chain management continue to transform the competitive landscape and have become today's key business issues. While explaining theoretical supply chain concepts with clarity, this volume provides a pragmatic and business-oriented focus through the use of concrete examples and case studies, offering a practical, integrated, and international approach to logistics management.

KEY TAKEAWAYS: Readers will gain an understanding of logistics' contribution to competitiveness and value creation; how to leverage logistics operations within the context of the customer; the importance of supplier partnerships, interfaces, and the challenges of integration; and the impact of supply chain sustainability.

FOR DETAILS: www.pearson-books.com



Warehouse Management: A Complete Guide to Improving Efficiency and Minimizing Costs in the Modern Warehouse

By Gwynne Richards

This book provides a guide to best practices in warehouse operations, exploring how to increase warehouse productivity and reduce costs. It also covers the latest warehouse technology advances; recent health and safety legislation affecting warehouse operations; labor management; and warehouse design. Case studies demonstrate how to apply new technology, minimize spend, and create efficient, streamlined operations.

KEY TAKEAWAYS: Warehouses are an integral part of the modern supply chain, involved in the sourcing, production, and distribution of goods. Due to the complexities of warehouse operations, they can often be one of the most costly parts of the supply chain. Their efficient management is therefore critical in terms of minimizing cost and contributing to an effective and efficient supply chain.

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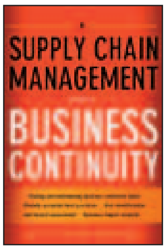


A Supply Chain Management Guide to Business Continuity

By Betty A. Kildow, CBCP, FBCI

Through a combination of exercises, scenarios, strategies, and tactics, Kildow offers supply chain professionals insights and tools to develop and maintain a business continuity program that includes the entire supply chain – upstream, downstream, and internal.

KEY TAKEAWAYS: To ensure that a business keeps making money without compromising its values in the event of a catastrophe – or even in the face of routine disruptions, such as adopting new technology or losing veteran staffers – any continuity plan must address the key to the business' productivity and profitability: its suppliers, contractors, and service providers.

FOR DETAILS: www.amacombooks.org

Glossary of Supply Chain Terminology

By Philip Obal

Compiled for supply chain, logistics, transportation, operations, and warehousing professionals, this comprehensive resource contains thousands of entries, from 1D bar codes to zone skipping.

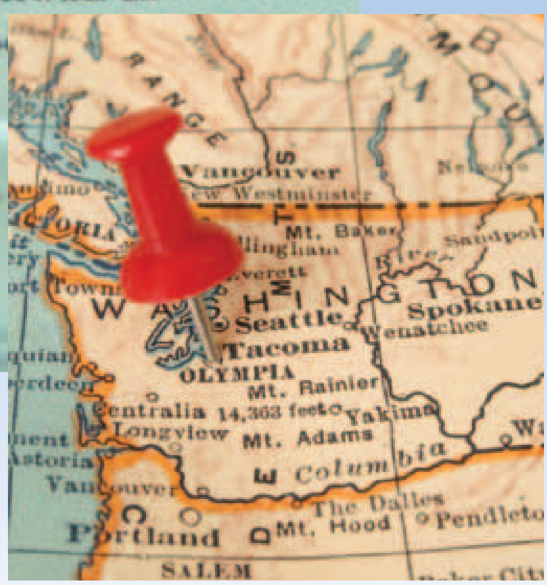
KEY TAKEAWAYS: Whether you want to enhance your knowledge of a particular supply chain topic or find just the right words to explain a concept to a logistics novice, this volume represents a valuable addition to your reference library.

FOR DETAILS: www.idii.com

What's on *your* bookshelf?

Now that we've shared our picks for some top logistics reads, we'd like to hear yours. What supply chain, transportation, global trade, or logistics management book has been an invaluable resource in your career? Which volume do you share with colleagues, or refer to when you need inspiration? Email your favorite title and why you recommend it to *editor@inboundlogistics.com.* We'll draw from the responses and send the winner one of the books from this guide.

Superior Supply Chain Solutions



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Looking Beyond Rates

The Road to Smoother Carrier Contract Negotiations

Carrier-supplied data can provide valuable insight for writing contracts, but shippers who want to pave the way to strong business relationships must dig deeper.

by Michael J. Stolarczyk

Economic recovery is on the way, and not a moment too soon. Shippers and carriers across all transportation modes that struggled through the Great Recession, suffering billions of dollars in losses and setting back their business by years, are feeling better about the economy and trade environment than at any point in the past two years. Retail sales are surging, and dramatically depleted inventories are being rebuilt.

Looking Beyond Rates

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Winter 2010 brought cargo backlogs resulting from capacity shortages, but shippers and carriers appear to have found middle ground in resolving their differences. The true test of how both sides respond to the recovery will come as shippers and carriers wrap up what could be the most important contract negotiations in years.

Will carriers be true to their word and end the rate-cutting wrought by their pursuit of market share? Will shippers become true partners in a market where the success of their transportation providers determines profitability and speed to market? Will the empathy and collaboration that both sides have long pursued but seldom achieved finally have staying power—or will both sides retreat into their business-as-usual mentality when the inevitable recovery picks up steam?

Strong carrier-partner relationships are essential, because in an ever-more complex supply chain, a good contract goes far beyond mere price. To be successful in this new economy, empathy and collaboration work together, leading both parties toward profitability. Collaborating creates value, and executive empathy makes money.

To a certain degree, almost everything in business has become data-driven. It's common practice today that if you can't measure something, it doesn't impact the bottom line. Pure data can provide valuable insight; however, it doesn't tell a complete story. News items abound about businesses that have used numbers—real or manufactured—to justify prices and volumes that no longer exist.

A crack has developed in the data-driven, numbers-only foundation on which our industry built and expanded profits. Carriers, importers, exporters, and freight intermediaries can no longer base their relationships solely on slot commitments, no-roll clauses, general rate increases, no-show fees, and local charges. Vested collaboration, empathy for both partners' profitability, and efficiency are tantamount to long-term success.

We are moving into the "conceptual age" of business, when the right price is not necessarily the lowest price, and it's no longer enough for an executive to be a great numbers person. We now expect more of our leaders, and empathy and collaboration are desired qualities.

Understanding the feelings of others is good behavior, but empathy particularly pays off when organizations—that is, the executives who represent companies—understand what their customers and partners are feeling during the decision-making process.

Empathy and collaboration impact organizations' success during negotiations because both qualities involve focusing less on purely statistical internal issues, and more on collaborating to gain mutual benefit. The opposite of collaborative behavior is internally competitive, command-and-control behavior—a form of corporate self-absorption.

It is easy to hide behind pure numbers and cold, hard metrics, but hiding now will only create a one-sided, non-competitive, zero-sum contract winner—and doom the negotiations to failure.

Too often, business leaders focus their attention on rate structures during carrier-contract negotiations, while ignoring other important facets of a business relationship. Failure to address the entire scope of the relationship can cause a business to fall short of its goals.

Empathy and collaboration will bring to light more subtle issues that should be addressed to create mutual profits. Discussing the following 11 issues with your carrier will help your business achieve success in contract negotiations this year and beyond.

1 **Pickup Performance.** How can your delivery be on time if your pickup isn't? Late pickups cost more, sometimes at overtime rates. Before agreeing to a contract, know your partner's on-time pickup percentage and how the carrier calculates that measurement for each customer. On-time delivery statistics are calculated in a similar way and should be readily available on customer reports, broken out by customer and/or terminal.

2 **Invoicing Accuracy.** This often-overlooked metric can be the key to saving time and money. Carriers that invest in imaging systems allowing them to

The Road to Smoother Carrier Contract Negotiations

use information directly from a customer's bill of lading can ensure accuracy while improving invoicing efficiency. If this isn't one of the measurements you expect to receive from your carrier, it should be.

3 **Claims Structure and Response Time.** Getting a shipment to its destination on time doesn't matter much if it doesn't get there in one piece. How quickly are claims settled? What is the percentage of claims-free service? What is the claims ratio of the terminal that will serve your customers? Partners should make these performance statistics available for individual shippers and terminals.

4 **Interactive Web Presence.** Examining your partner's Web site can help you determine the availability of customer service when you need it. Is the Web site interactive in a number of ways to provide the information you need? The site should allow you to enter pickup requests and download imaged documents and customized reports. It should also offer a variety of track-and-trace capabilities, rate quotes, transit times, and terminal information.

5 **Open Dialog.** Determining how involved shippers are in their partner's decision-making process indicates the level of interest a company has in delivering quality service. Creating collaboration is essential because open dialog reveals positive and negative qualities of each organization.

6 **Solid Communication and Responsiveness.** You should be able to talk with experts in every department when you need them. Is the line of communication open and results-oriented? Maintaining a strong communication link goes hand in hand with developing a strong, effective partnership.

7 **Customer Service.** A quick and readily available information resource is invaluable to you and your customers. This resource should provide an answer to any question you or your customers might have about transporting or tracing your shipments. Some companies debate whether to invest in an "in the market" customer service presence, or if a centralized approach is more consistent and less costly. The mutual goal, however, must be that the core of a long-term, mutually beneficial partnership is excellent customer service.

8 **Empathy and Proactive Account Management.** A partner should know when and why a service failure occurred. If 98 percent of shipments are delivered on time, your partner should be able to explain what went wrong with the other two percent. Organizations should follow up on every service failure, not only to find out what went wrong, but also to initiate corrective action plans to ensure the problem does not happen again. Taking this stance will make the carrier a better partner, and, in turn, provide you with better performance.


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The Road to Smoother Carrier Contract Negotiations

9 Continuous Improvement Mentality and Training. The kind of training available to your partner's employees, how often they are trained, and the degree to which they are trained should be part of any organization's strategy of providing superior service to its customers. Details about the training process will indicate the carrier's emphasis on quality performance. Is there an operations training program in place that emphasizes freight handling? Are drivers trained? Does the carrier offer hazardous materials training to employees? What about general safety training measures? In addition to these training processes, an organization should have accountability procedures in place at each facility to help reduce costs and waste.

10 Multi-year Contracts. More industries are moving toward multi-year contracts. These deals create an even playing field for each organization to drive out costs through continuous improvement plans, and increase mutual, long-term profitability. Week-to-week capacity, no rolling, peak-season surcharges, local charges, and no-show or dead freight charges become archaic terms, and these tired phrases turn into non-issues when looking at long-term growth, efficiency, and profitability.

11 Vested Collaboration. Does your partner promote an open, sharing environment, or is it merely a transactional workplace? How much does it share with customers via social networks such as Twitter and Facebook, or through business-focused networks such as LinkedIn? Creating an atmosphere with an "open-source" mentality allows new ideas to be shared freely and creates an attractive corporate culture. Vested collaboration creates empathy, empathy ensures mutual understanding, and mutual understanding generates a collective beneficial result.

PLANNING FOR OPTIMAL RESULTS

If you take time to think critically about these often-ignored aspects of the collaboration process, your company will be equipped with the knowledge and trust it needs to achieve the best possible results far into the future. Consistency, preparation, collaboration, and common sense should be your guiding principles when negotiating with partners.

Successful partner organizations that build mutual empathy and vested collaboration need to establish a committed leadership structure—creating insight, foresight, and trust, not just oversight of annual negotiations. By consistently collaborating on budgets, forecasts, and modeling scenarios, and considering the above points, your organization will enjoy long-term fiscal success by being prepared for the best situations, and being able to forestall the worst. Empathy creates a collaborative atmosphere during the negotiation phase, and charts a course for a lasting, mutually beneficial business platform.

Excerpted from Logical Logistics: A Common Sense Primer for Your Supply Chain *by Michael J. Stolarczyk, president, Kontane Logistics.*


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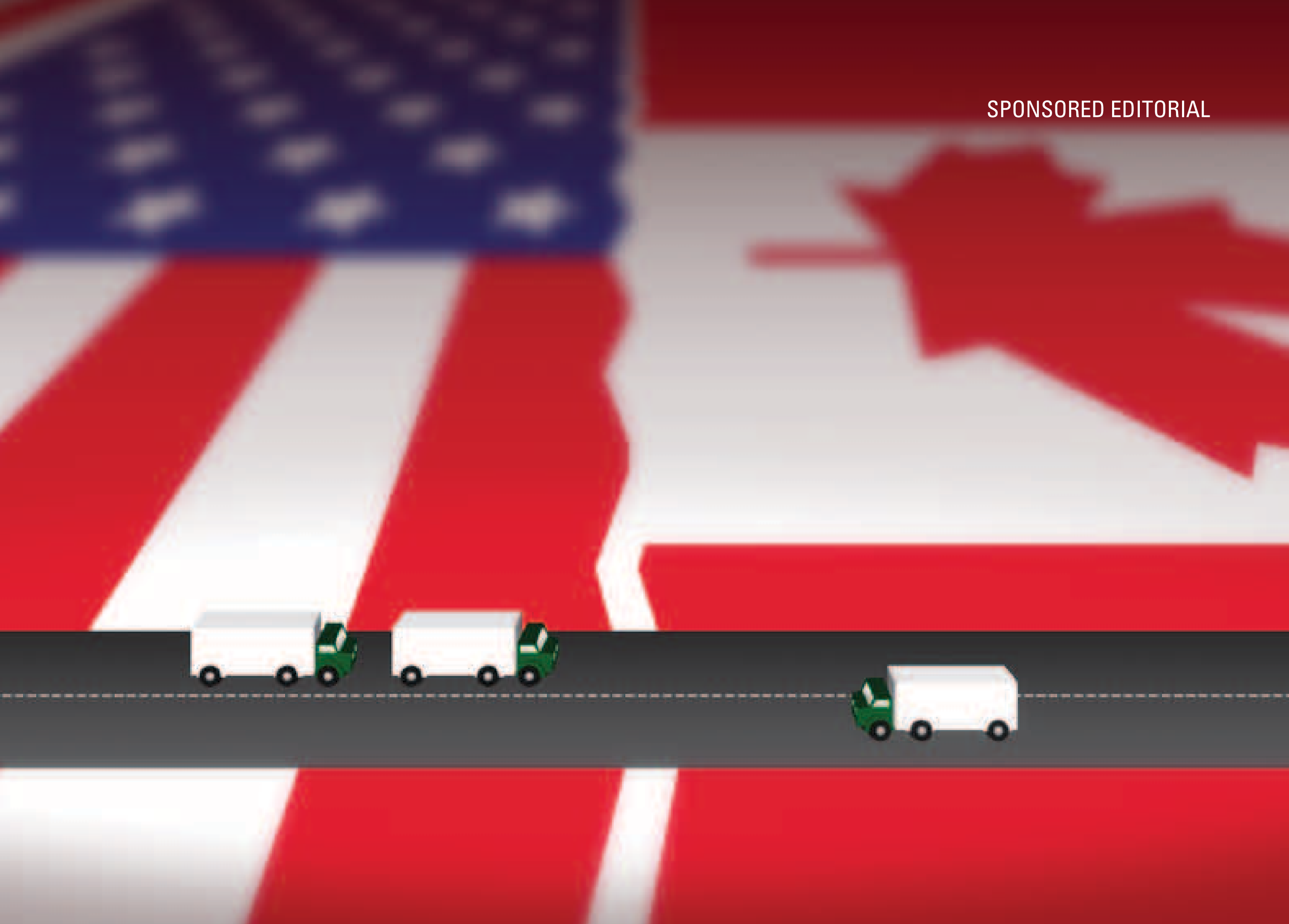


DUE NORTH

U.S.-CANADA TRADE FLOWS STEADY

By allying with strong logistics and supply chain providers, shippers encounter few obstacles when moving goods between the United States and its leading trade partner.

The late Canadian Prime Minister Pierre Trudeau once said, "Be ready when opportunity comes. Luck is the time when preparation and opportunity meet."

For many manufacturers and logistics professionals, preparation and opportunity are meeting right now at the U.S.-Canadian border, as North American companies on both sides of the boundary reexamine, redefine, and realign their global supply chain strategies.

Canada is by far the United States' top trading partner, according to U.S. Census Bureau figures. In 2010, U.S.-Canadian trade totaled $525.3 billion, accounting for 16.5 percent of all U.S. international trade (*see By the Numbers, below*).

The purchasing strength of the Canadian dollar, compared to the U.S. greenback, continues to trend at historical highs, and changes in the exchange rate have dramatically affected the import-export dynamic, with head hauls largely shifting from south-to-north to north-to-south.

Although the border between the two countries remains soft relative to borders between most other countries, heightened security measures are driving shippers to seek out logistics expertise to help them meet new regulatory requirements.

Whether the rapidly evolving characteristics of U.S.-Canadian trade represent good luck or bad luck for U.S. manufacturers depends on how deftly they tread the line between preparation and opportunity.

UNDERSTANDING THE MARKET

"Many U.S. businesses don't view Canada as a separate market," says John Costanzo, president of Purolator International. "They regard Canada as the 51st state, and that's a mistake."

That mistake could prove costly because the inefficiencies of shipping large volumes to and from Canada through carriers that lack a significant Canadian presence can add considerable expense.

"U.S. companies may not realize how much they are paying, especially if they move substantial volumes," Costanzo says.

As president of Purolator International, headquartered in New York, Costanzo is responsible for the company's third-party logistics (3PL) business and for the development and execution of its cross-border strategic plan.

Purolator, Canada's largest courier company, maintains the country's most extensive national network and supporting infrastructure. Costanzo believes this gives the company an edge over 3PLs that may be present only in the most heavily populated Canadian markets, such as Toronto.

"Purolator focuses on providing the best Canadian supply chain, no matter where shippers need to go," Costanzo says. "The company's tag line and value proposition is: 'We deliver Canada.'"

That kind of flexibility is key in Canada, where cross-border moves dominate shipping.

"One big difference between Canadian and U.S. transport companies is that Canadian companies spend a lot of time exporting and importing goods," says Don Streuber, president and CEO of Winnipeg, Manitoba-based Bison Transport. "Our company devotes much of its energy to moving goods between the United States and Canada, and possesses a high level of experience and expertise in those moves."

Bison Transport operates more than 1,050 tractors and 3,000 trailers. The company provides cross-border truckload transportation services from British Columbia through the Maritime Provinces of New Brunswick, Nova Scotia, and Prince Edward Island, and to the 48 continental states.

Some Canadian transportation providers have made efforts to facilitate cross-border shipments by establishing a U.S. presence. Bison, for example, recently acquired Britton Transport Inc., a Grand Forks, N.D., asset- and non-asset-based transport provider offering van, flatbed, step deck, and bulk hopper truckload services primarily in the continental states.

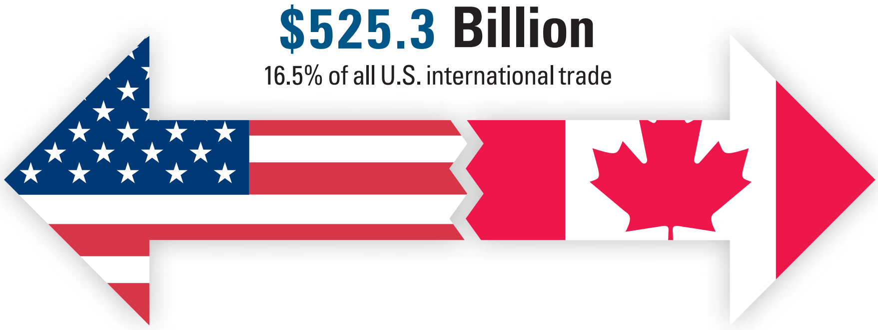
"Acquiring Britton is an important first step in Bison Transport's U.S. expansion strategy," Streuber says. "Britton is a well-run operation and has been a strong U.S. partner carrier over the last five years, handling a growing portion of our U.S. freight. This transaction provides Bison Transport a U.S. operations base close to one of our key border crossings in the north central United States."

Geodis Wilson Americas has also used acquisition to expand its North American

By the Numbers: 2010 U.S.-Canada Trade

SOURCE: U.S. Census Bureau

Total U.S.-Canada Trade
$525.3 Billion
16.5% of all U.S. international trade



Imports to the U.S. from Canada
$276.5 Billion
14.5% of all imports to the U.S.

U.S. Exports to Canada
$248.8 Billion
19.5% of all U.S. exports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network. Part of the Geodis Group, a global logistics provider with some 30,000 employees in a network spanning 120 countries, Geodis Wilson enhanced its position in the U.S. market by taking over Minneapolis-based domestic transportation specialist One Source Logistics.

"This acquisition is a strategic fit for Geodis Wilson," says John Gallahan, regional vice president, Geodis Wilson Americas. "One Source Logistics significantly strengthens our capabilities. It not only accelerates the growth of our U.S. domestic product offerings, but also our cross-border trucking services throughout North America."

One Source Logistics offers specialized domestic transportation services with a focus on truckload and less-than-truckload shipments. The company currently supports a network of transportation, logistics, and distribution services throughout the United States. The new access One Source Logistics provides to a broader local distribution network improves Geodis Wilson's inland and final-mile delivery services.

"One Source excels at solving complex domestic issues with Mexico and Canada," says Gallahan. "It has the ability to bring clarity, structure, and form to supply chain management."

Geodis Wilson accelerated the growth of its cross-border trucking services throughout North America by acquiring domestic transport specialist One Source Logistics.

Gallahan cites the analytical tools that One Source provides as a particular strength, complementing Geodis Wilson's core competencies.

"Geodis Wilson takes a collaborative approach," he adds. "There is no single solution. We look at how we can best communicate with the customer, optimize orders, and cut costs."

VIVE LA DIFFÉRENCE

While coping with the challenges of the recent economic downturn, many businesses have made significant cross-border moves of their own.

"In the past decade, many prominent companies have rationalized their North American corporate footprints, ultimately bringing partial or full control of Canadian supply chain decisions and execution to the U.S. headquarters," says Richard Patenaude, director, client integration and development for Wheels Group.

That decision can lead to unforeseen problems.

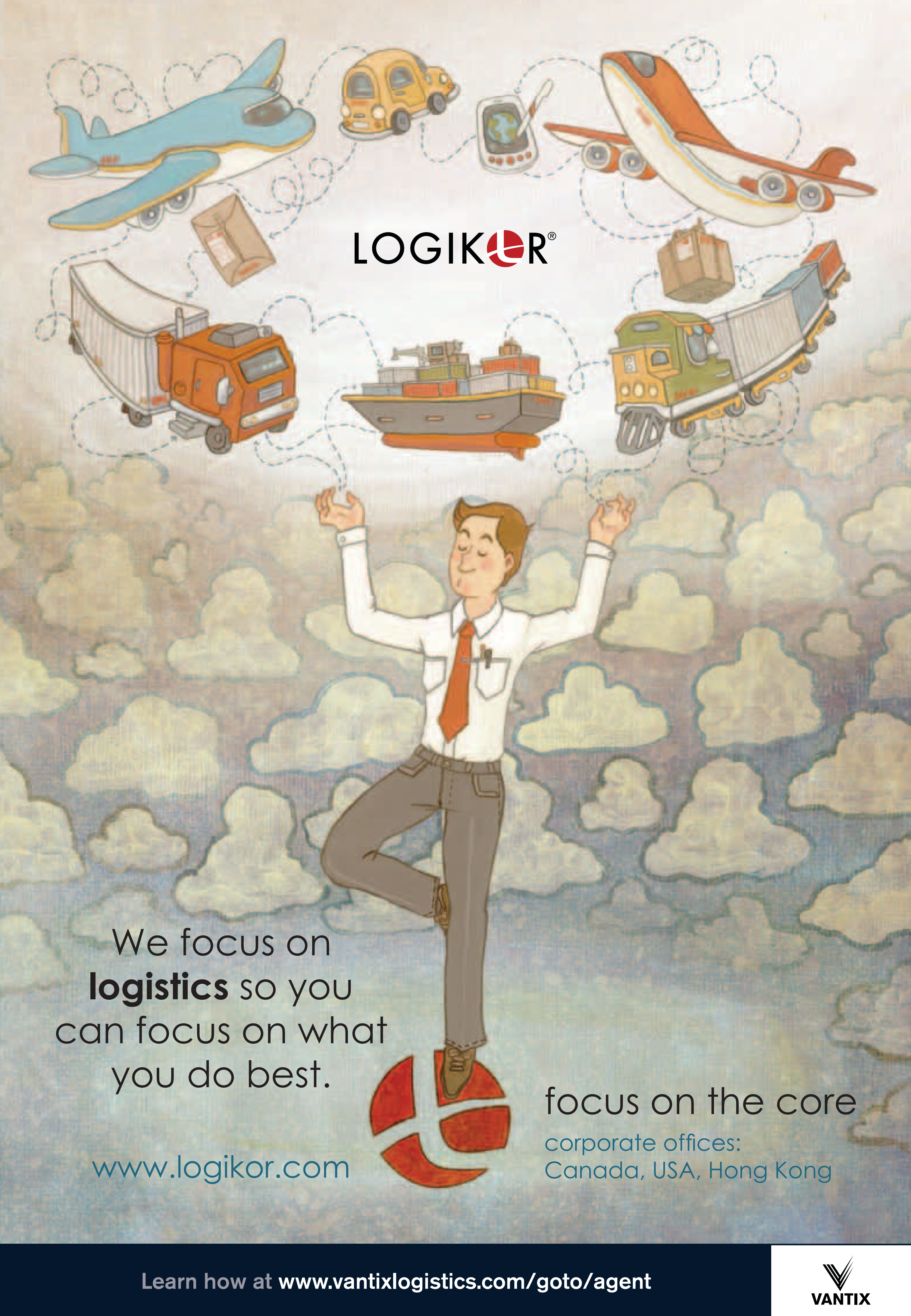
"The fundamental differences between the two marketplaces, combined with the fact that Canada often represents less than five to 10 percent of the overall North American business, can create conflict when assigning resources to projects based on overall impact to the company," Patenaude says.

Wheels focuses on that five to 10 percent. "Our model allows U.S. corporations to gain immediate ROI within their cross-border and domestic Canadian trade, rather than investing time and resources to build the expertise in-house," Patenaude says.

The Wheels Group of Companies encompasses Wheels Group, Wheels Clipper, and Wheels Global Logistics. Wheels Group, the shared-services division of the Wheels Group of Companies, provides strategic vision, leadership, and management control. Wheels Clipper, based in Toronto and Chicago, is a 3PL offering domestic and international transportation services by air, land, and sea. Wheels Global Logistics is the international freight forwarding division, providing complete global supply chain solutions including financing, door-to-door transportation, warehousing, and project management.

The capabilities and strengths of each company are leveraged to provide comprehensive supply chain solutions to customers and suppliers.

"Wheels can help companies take control by offering direction and insight to costs and activities within the Canadian supply chain," Patenaude says. "This allows them to make both tactical and strategic decisions, then implement and monitor them for cost and process effectiveness."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All those decisions must be made more quickly than ever before.

"The velocity of trade is increasing," says Amy Magnus, district manager for A.N. Deringer, Inc., a leading provider of international logistics services including customs brokerage, freight forwarding, transportation, warehousing, distribution, cargo insurance, and U.S. Department of Agriculture meat inspection.

"Delays are costly for all parties, so success comes down to having the right information at the right time just to keep pace," Magnus says. "All clients have their own requirements and need a different level of service."

One of the largest privately held customs brokers in North America, A.N. Deringer combines more than 30 U.S. offices with a global agency network to facilitate the movement of cargo throughout the world.

"We maintain a strong presence on the U.S.-Canada border, with offices at every commercial crossing, along with strategically located distribution facilities throughout the United States," Magnus says.

Managing transaction information is becoming increasingly important for cross-border shipments. "Data is analyzed in advance of the shipment's arrival, and if the information is inaccurate or incomplete, the shipment could be delayed, held by U.S. Customs and Border Protection (CBP) or other government agencies, or refused entry," Magnus says. "It pays to do it right – to have the visibility to track and trace shipments, and work with a trusted partner to assist along the way."

CROSS-BORDER EXPERTISE

It is essential that shippers choose logistics partners who possess knowledge and expertise on both sides of the border. One such partner is Omaha, Neb.-based Werner Enterprises, which is among the top five U.S.-based carriers providing service to and from Canada.

"Canadian shippers distinguish us by our unique solutions-based services, which were established more than 55 years ago," says Lance Dixon, vice president of the Mexico and Canada divisions of Werner Enterprises. "Werner operates one of North America's most extensive transportation networks. We employ professional U.S. and Canadian national drivers dedicated to cross-border transportation. And strong relationships with our Canadian alliance carriers help to support our domestic Canada and international cross-border moves."

As a logistics company with coverage throughout North America, Asia, Europe, South America, Africa, and Australia, Werner has both the resources and reach to meet changing supply chain demands.

"As companies continue to grow and expand into new markets, Werner remains dedicated to constantly developing and offering innovative services to meet shippers' needs as they compete in today's global marketplace," says Dixon. "Werner is uniquely positioned to link international and domestic U.S. supply chains with one systems


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platform for effective shipment planning, execution, and visibility."

Werner also offers extensive multi-modal solutions, including intermodal, brokerage, freight management, air freight, and ocean services. When the company opened global operations in 1999, its goal was to implement best-in-class cross-border solutions that could manage customers' entire supply chains throughout North America.

"With asset-backed truckload services at the core of our solutions, we have grown our cross-border initiatives into a complete business offering," Dixon says.

Trading with Canada also means following the money. There, too, differences are stark. "The Canadian economy wasn't hit as hard by the global recession as the U.S. economy," says Robert Rusnov, president of NFI Canada. "For U.S. companies, cross-border trade with Canada now represents a natural hedge on your business as a whole."

NFI Canada focuses on global transportation and logistics, specializing in air and

A Regional Power in the Canadian Economy

Alberta's Paintearth Economic Partnership Society promotes business and long-term economic growth.

Much of the commerce taking place between the United States and Canada makes its way along Highway 36, also known as the Veteran Memorial Highway, the major high-load corridor providing U.S. companies their most direct route to Alberta and its Oil Sands. Access to this important highway is one of the strategic assets cited by the Paintearth Economic Partnership Society (PEPS), an economic development agency that links the County of Paintearth No. 18, a rural municipality in east central Alberta, with the village of Halkirk and the towns of Castor and Coronation.

Traffic along the highway is set to grow even more as wind turbine components and other materials, largely from the United States, make their way to a massive new wind farm development near Halkirk. Greengate Power Corporation is currently building the $350-million project, with commercial operation targeted for late 2011 or early 2012. Upon completion, the wind farm is expected to be Alberta's largest operating wind energy project.

"Greengate Power has received a phenomenal level of support for our project from both the land owners and the County of Paintearth," says Dan Balaban, Greengate's president and CEO. "They have clearly demonstrated their open-for-business attitude, and we are excited about the prospect of making this major investment in the Paintearth region."

Components moving to the Oil Sands projects in Fort McMurray, Alberta, take the direct route via the Veteran Memorial Highway.

PEPS is a key force involved in facilitating such major regional investments. "We provide a single point of contact for industry and business interested in our region," says Larry Davidson, economic development officer for PEPS. "We help with everything from site selection to development permits. Our whole approach is to bring business here and to make the process easy and cost-effective."

The region has much to recommend it, including a highly favorable tax environment. Albertans pay the lowest personal taxes in Canada, and Alberta businesses have among the lowest business taxes in the country.

Also prominent among the region's selling points is its geographical logistics advantage.

"Paintearth is well-situated," says Davidson. Located within three hours of 85 percent of Alberta's three million people, the region is three hours from Calgary, 2.5 hours from Edmonton, 1.5 hours from Red Deer, and one hour to the Saskatchewan border.

"Companies in our area have quick access to our neighbors in Saskatchewan and their recent energy play," Davidson says.

Yet another advantage for the region is the Oil Sands. Alberta has proven oil reserves of 171.3 billion barrels – the third-largest proven crude oil reserve in the world.

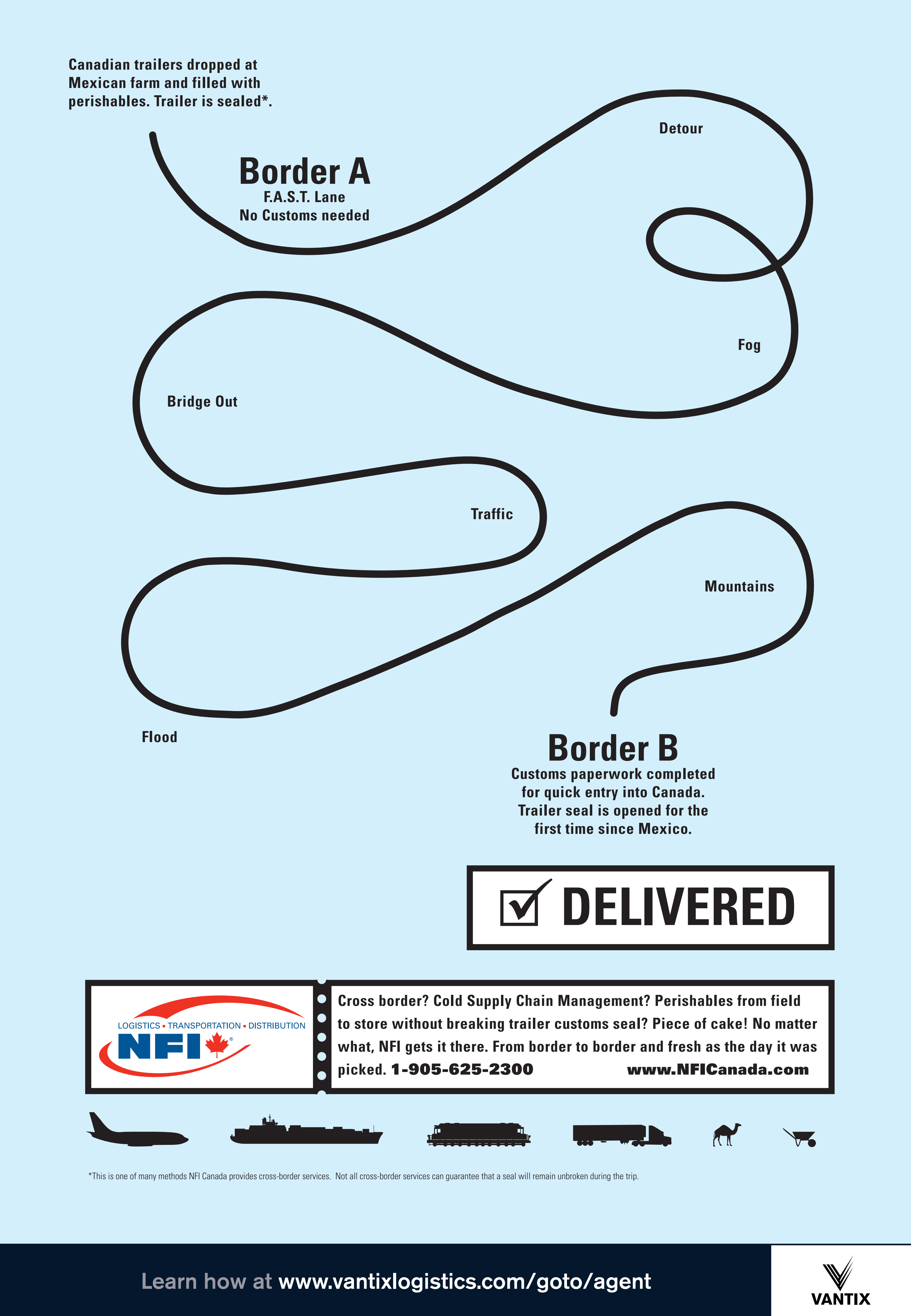
"The Oil Sands and the resulting movement of goods provides substantial opportunities for business both in the United States and Alberta," says Davidson. "The Oil Sands represent a major investment in technology, job creation, and wealth in Alberta – including for many U.S. companies – as we work to develop a safe, secure oil source for our country and our neighbors to the south."

PEPS seeks to promote these regional advantages to businesses of all kinds. Because the agency is a partnership of municipalities, it has the flexibility to explore, compare, and contrast the benefits each community in the region has to offer. "We work cooperatively, recognizing that what is good for one community in the region is good for another," Davidson says.

The agency, which bills itself as a one-stop shop for businesses, has a unique perspective because it operates as a business itself.

"We are the only economic development agency in Alberta that operates on a private business model," Davidson says. As an example, he cites the agency's partnership with a private Internet Service Provider (ISP) to offer a broadband Internet system throughout Paintearth County. The agency recently sold its interest in the system to the ISP, channeling the revenues back into funding for regional development.

It is this sort of creativity that PEPS offers businesses. "Our goal is to promote business and long-term growth," Davidson says.


Canadian trailers dropped at Mexican farm and filled with perishables. Trailer is sealed*.
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F.A.S.T. Lane
No Customs needed
Detour
Fog
Bridge Out
Traffic
Mountains
Flood
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Shippers rely on the Erb Group of Companies for the smooth delivery of time and temperature-controlled products to more than 24,000 consignees throughout most of Canada and all 48 continental states.

ocean transport, and intermodal and truck brokerage services across North America. The division was formed last year when U.S. supply chain services company NFI acquired Canadian third-party logistics firm IPD Global, where Rusnov served as president.

NFI is a conglomeration of transportation-related companies offering dedicated truckload, logistics, and warehousing services across the United States and Canada. The company started in 1932 as National Hauling in Vineland, N.J., with one dump truck, and has grown to one of the largest privately held third-party logistics providers in North America.

NFI offers an array of supply chain services to help businesses manage, grow, and succeed in today's marketplace. Its acquisition of IPD has provided current and new NFI customers with even greater access to reliable and efficient shipping routes, dedicated trucking, warehousing and distribution, and transportation management across the United States and Canada.

"While the company has opened up a whole new suite of services, the economic climate in which they are offered has changed," Rusnov says.

"The Canadian economy is roughly one-tenth the size of the U.S. economy," he explains, but the dynamics of trade between the two countries has significantly evolved since Sept 11, 2011.

"Ten to 15 years ago, the head haul was from Canada to the United States because there was up to 60 points on the dollar in terms of exchange gain," Rusnov says. "There was a premium on trucking from Canada to the United States."

Now that trend is reversed. The strength of Canada's economy has led to a resurgence of U.S. companies approaching Canada as a growing market. "There has been a substantial uptick of south-to-north shipments from the United States, while exports of manufactured goods into the United States have significantly declined," says Brian Martin, senior vice president of sales and marketing for Canada Cartage, Canada's largest specialized provider of fully outsourced trucking fleets and complementary last-mile logistics solutions.

Rusnov also acknowledges this trend. "Manufacturing in Canada has dramatically decreased as a result of the U.S. dollar's depreciation," he says. "Now the premium is on northbound trucking to Canada."

All those northbound shipments have placed greater demand on cross-border carriers. "Ten years ago, we were functioning with a 64-cent Canadian dollar," says Bison's Streuber. "Now we've hit premiums of $1.05. As a result, speed and volatility are vital issues. Pulling the trigger on a transaction at the right time can save one percent in just a few hours."

The rapidly changing price of fuel in the United States and Canada is another factor affecting the day-to-day dynamics of cross-border transportation. "Fuel costs have dramatically influenced business," Streuber says. "Our touchpoints and exposure to these issues enable us to provide leadership and expertise to our American partners."

KNOWING THE RULES

When choosing a 3PL provider for shipments to and from Canada, it is vital that U.S. companies recognize the often complex intricacies of border traffic.

"The penalties for non-compliance can be severe," warns Wendell Erb, general manager of Erb Transport Limited, part of the Ontario-based Erb Group of Companies.

"Shippers must ensure they have a competent carrier in place."

The Erb Group of Companies developed from a one-man operation in 1959 to a leader in the refrigerated transportation industry. With more than 1,200 employees and 140 owner/operators across a network of 10 terminals, the Erb Group delivers temperature-controlled products to more than 24,000 consignees throughout most of Canada and all 48 continental states.

"We know what needs to be done to be in compliance with northbound and southbound authorities," Erb says.

Nearly all the company's drivers have met the standards of the Free and Secure Trade (FAST) program, part of a bilateral agreement between the United States and Canada.

"With FAST approval, drivers have U.S. and Canadian immigration clearance as trusted travelers," Erb explains. "This clearance helps expedite trips across the border."

Keeping in compliance with changing rules can be an especially daunting challenge when dealing with perishable shipments.

"Carriers must keep current on rules imposed by the U.S. Department of Agriculture, the U.S. Food and Drug Administration, and its Canadian equivalent, Health Canada," Erb says.

Although crossing the U.S.-Canada border is less cumbersome than traveling between other countries, the situation could change at any time.

ACTION AND REACTION

"We are just one world crisis away from tightening controls on the borders," says Erb. "The first bottleneck would occur at the borders."

Many of Erb's drivers are Americans operating U.S.-plated trucks, which is especially helpful when carrying goods into military installations.

For Canada Cartage, regulatory pressures have spurred action as well as reaction.

"We don't just meet the requirements for cross-border freight; we are highly engaged with regulators," says Martin. "As a large organization, we have some influence to help shape the future of ground freight. We have a seat at the table."

In addition to FAST, the past decade has seen the emergence of several major new regulatory initiatives – including the Customs Trade Partnership Against Terrorism (C-TPAT) and Partners in Protection (PIP) – on both sides of the border,

"Each program is a response to different issues," Martin says, and each requires specialized knowledge.

"Canada Cartage always had knowledgeable dispatchers managing our cross-border drivers," he notes. "Today we have implemented a highly engineered program of subject-matter experts, highly trained drivers, and mandated driver and company certifications. These programs require continuous maintenance and significant investment in both people and technology to keep pace with change. Falling behind equates to border-crossing delays, inefficiencies, and potential missed shipments."

DEDICATED SERVICE

For Canada Cartage, keeping pace also means integrating these border-crossing programs into its business model. The majority of the company's fleet is located at shippers' sites, with a small non-dedicated fleet at each of its own trucking terminals.

This resource organization gives Canada Cartage the ability to provide daily baseline services to dedicated customers and still have the flexibility to respond quickly to demand surges that cannot be handled by the customer-located dedicated fleets. Canada Cartage must ensure its surge drivers have the same training and certifications as its dedicated drivers.

Canada Cartage's emphasis on training is mirrored by other companies working to stay abreast of changing demands at the border.

"The border has been a transitional aspect of our business for the past 10 years," says Streuber of Bison Transport. "We now have four full-time employees working on cross-border systems. Those jobs didn't exist a decade ago."

"We know the importance of ensuring that our clients are aware of, and maintain, a high level of compliance with ever-increasing customs and government agency requirements,"

says Deringer's Magnus. "We have boosted internal staff training so they can help clients comply with the myriad new requirements. We know the importance of keeping cargo moving, and the cost of delays due to non-compliant shipments.

"Knowledge of various free-trade agreements and other special trade programs are important, too," Magnus adds. "Our clients, with the help of our consulting team, can save a considerable amount of money by availing themselves of programs designed to reduce duty payments and delays, or to issue duty payment refunds."

CONTINUALLY SHIFTING LANDSCAPE

New agreements, programs, rules, and regulations continually shift the logistics landscape. Manufacturers struggle to stay in sync with the changes even as they undertake new global sourcing initiatives.

"Many of our U.S. clients are changing their sourcing patterns and acquiring goods manufactured in Asian countries," says Magnus. In order to respond effectively to client sourcing strategies, Deringer has shifted its own strategies and geographical hubs.

"As the Asian sourcing trend grew, we expanded our services to provide transportation from overseas factories to U.S. buyers' doors, and increased our West Coast presence with additional offices and distribution facilities," she says.

Companies sometimes overlook the logistics implications of global sourcing initiatives, most notably the flow of goods from one market to another.

"At first glance, it seems simple to move goods from one jurisdiction to another; however, significant complexities are involved – from transporting the goods to regulatory and legislative compliance," says Darryl King, president of Ontario-based Logikor Inc., which offers dedicated transportation, crossdocking, expediting, intermodal, air/ocean, LTL, sequencing, consulting, design, and transportation management services.

Among those complexities are enhanced risk assessment and screening. "Simple oversights can grind the flow of goods to a halt very quickly, potentially incurring significant fines and lost opportunities," King says.

In all these areas, Logikor helps shippers determine the best supply chain solution for their requirements, set up and execute the appropriate supply chain, and actively manage shipping flows to maximize cost reduction, provide end-to-end visibility, and ensure key checks are in place to monitor compliance to changing regulations.

The greatest shifts in the dynamics of trade between the United States and Canada have occurred in response to enhanced security and border controls, King says. "The governments of both Canada and the United States have spent considerable time and effort redefining how shipments cross the border – what information has to be communicated, and when, to interested government agencies," he notes.

Purolator has the size, experience, and expertise to meet the sophisticated, high-volume demands of large urban centers.

ENHANCING COMPLIANCE

In response to this changing environment, Logikor has adopted direct links for CBP and Canada Border Services Agency reporting, and enhanced its compliance with Customs Self Assessment and FAST-expedited border clearance programs. The company also has been actively involved in consulting for proposed changes that would affect moving goods between the United States and Canada.

The trend toward more stringent requirements for greater and earlier visibility of shipment contents, origin, and intended recipients will continue, King says. As a result, only logistics companies with depth and experience will be able to provide secure and cost-effective shipping between the countries.

"Recently, the border has thickened as more rules and increasingly complex regulations regarding cross-border freight movement have been implemented," says Werner's Dixon.

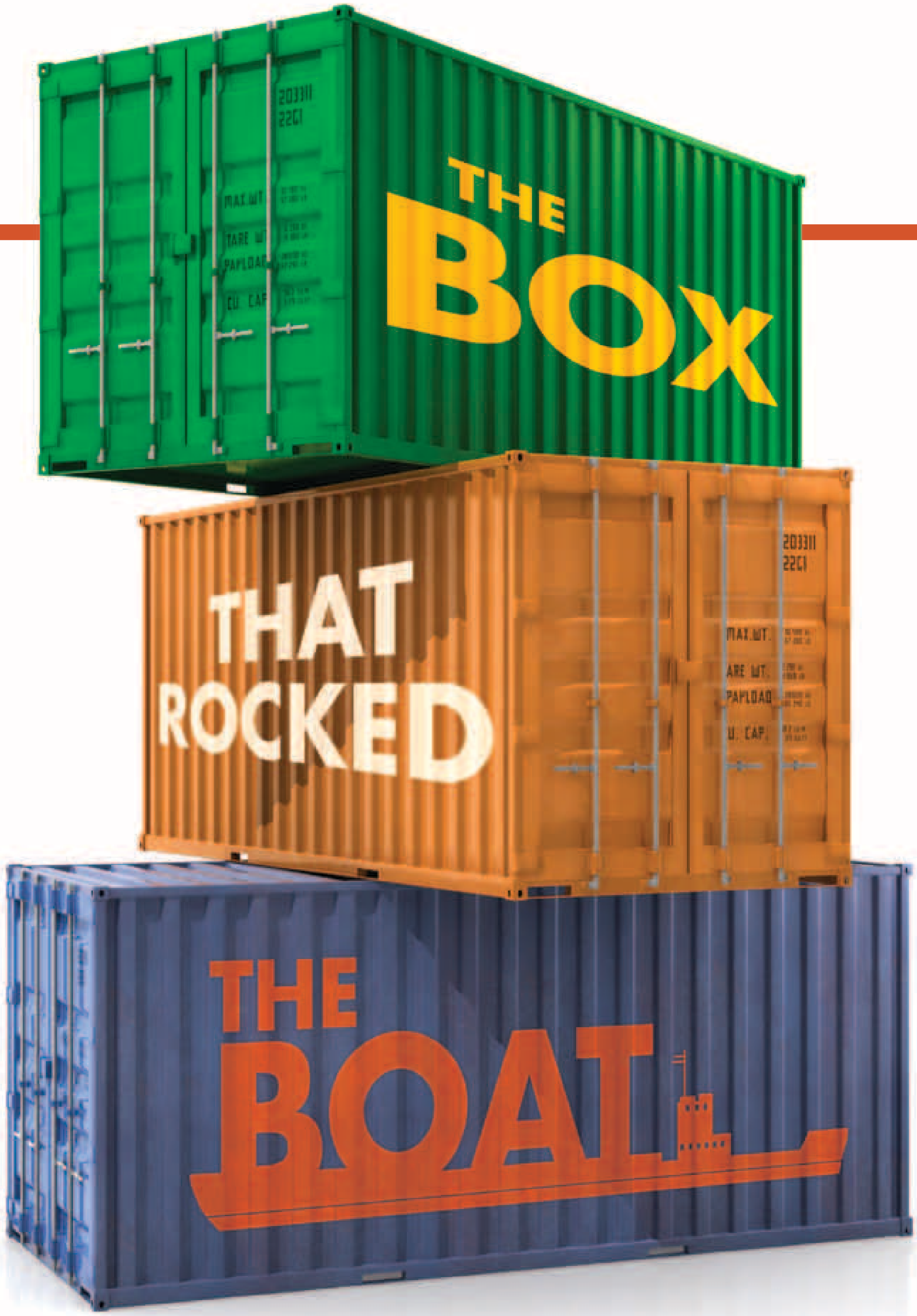
"These regulations require companies to make large technology investments in order to remain compliant," he adds. "As a result, many smaller U.S. and Canadian-based carriers have exited the market. The new rules have made it too difficult for them to operate profitably, and many do not have the financial means to make the necessary investments."

But regulatory changes can also represent increased opportunities. "For example, NAFTA allows both U.S. and Canadian companies to compete more effectively," Constanzo says.

Companies must take care, however, not to do too much too soon, with too little analysis of the consequences.

"Many clients are moving inventory back to the United States," says Costanzo. "They are looking at time to market. But their order fill rates may be higher. By changing their supply chain method, they can speed order fulfillment."

Whatever shifts may affect the transportation and logistics landscape around the world, many U.S. manufacturers remain sharply focused on our leading trade partner across the border.


THE
BOX
THAT
ROCKED
THE
BOAT

The emergence of containers in the 1950s sparked an ocean shipping revolution that reshaped ports, trade lanes, and the world economy. What other changes are on the horizon for this dynamic industry?

The most crucial ocean shipping innovation in modern times began with a frustrated trucker.

Sixty years ago, cargo traveled in breakbulk ships—vessels with large holds designed to carry items of all shapes and sizes. Loading and unloading shipments required a great deal of labor and time.

"Workers had to go into the hold, get each box and bag, and lift them out with a crane," says Thomas Finkbiner, a transportation consultant, senior chairman of the Intermodal Transportation Institute (ITI) at the University of Denver, and former president of Pacer Stacktrain.

Malcom McLean, owner of a trucking firm in North Carolina, got tired of waiting for days in port while longshoremen loaded or unloaded his trucks. He worked with an engineer to develop a steel box that could carry cargo quickly between truck and ship.

On April 26, 1956, a converted oil tanker called the *Ideal X*, owned by McLean, left Newark, N.J., carrying 58 loaded boxes. The ship sailed to Houston, where 58 power units carried the boxes to their destinations.

According to many historians, that voyage marked containerized shipping's debut. Global commerce would never be the same.

"International trade is a cornerstone of our economy," says consultant Peter Keller, former executive vice president and chief operating officer of NYK Group Americas Inc., a division of Japanese shipping firm NYK Line. "The container is the pivotal conveyance that drives that economic engine."

McLean's first containership voyage was a domestic trip, but shippers and carriers soon discovered containers for international moves as well. McLean's shipping company, Sea-Land, entered international trade during the Vietnam War.

"Sea-Land was paid to move military cargo from the U.S. West Coast to Vietnam," says Theodore Prince, a transportation consultant, intermodal industry veteran, and ITI faculty member. "Then the ships sailed into China, Hong Kong, and Japan, picked up transistor radios, and brought them back to the United States."

Since then, containers have come to dominate ocean transportation. In 2009, North American ports handled nearly 44.3 million twenty-foot equivalent units

MAKING PROGRESS: Before Malcom McLean popularized the use of shipping containers, loose bags or boxes stacked on pallets traveled in the cargo hold of breakbulk ships (*top left*); longshoremen loaded and unloaded the shipments using pulleys or by carrying them on and off the ship (*bottom left*). Using giant cranes to lift entire containers made loading and unloading ships much faster (*top right*). Cellular containerships equipped with a grid of metal racks (*bottom right*) secure containers aboard the vessel.

Photos courtesy of Port of Seattle

(TEUs) of containerized cargo, according to the American Association of Port Authorities (AAPA).

Simple though they seem, those steel boxes—used today to transport everything from socks to high-end electronics—have changed practically every aspect of ocean transportation.

For one thing, containers reduced the risk inherent in ocean shipping, increasing the chances that a load would reach its destination intact.

"Because products were in a container, there was less chance of damage," Finkbiner says. "And there was almost no chance of cargo theft, because a thief would have to steal the whole container."

Containers also revolutionized port operations. Instead of deploying armies of longshoremen to carry product on and off vessels, ports started using giant cranes to lift entire containers. The work moved faster, reducing cargo transit time and cutting the time that ships sat unproductively in port.

"Depending on the size of the ship and number of cranes, some vessels can be loaded and unloaded in one day," Keller says. "Even the largest ships turn around in a maximum of three days."

Such improvements have vastly reduced the cost of ocean shipping, enabling a world in which it's often much cheaper to import products from the other side of the globe than to make them at home.

Since the first voyage of the *Ideal X*, other important ocean shipping trends have emerged, many in response to containerization.

For one, ships have gained in capacity. "The biggest ships sailing today are 13,000 TEUs," says Howard Finkel, executive vice president, trade division, with COSCO Container Lines Americas.

And shipping lines have developed more efficient ways to load those big vessels. One important innovation is the cellular containership, a vessel equipped with a grid of metal racks to hold containers.

"In the bigger ships, the grid reaches 13 stories high," says Finkbiner. "The racks enable more containers to be stowed on a ship, which lowers shipping costs." Vessels have also grown wider, allowing steamship lines to stack boxes 18 to 21 across.

Containers themselves have also changed. "The first containers were mostly 35-footers," Finkel points out. Today, 20- and 40-foot containers are the standard, but some boxes measure 45 or 53 feet.

The industry also has developed specialized containers, such as those with built-in rods for hanging garments. "Expensive garments can ship hanging in the container, instead of being boxed, so they're ready to go right from the distribution center to the retailer's floor," Finkel says.

To handle larger ships and volumes, ports have evolved as well. Today's towering cranes can retrieve boxes from across an entire deck without repositioning. Those cranes are expensive, Finkbiner says, "but they're extremely efficient in terms of the number of containers they can move per hour." That, too, cuts ocean shipping costs.

PORTS LEAVE INNER CITIES

Containerization also has changed the size and location of ports. "In the old days, when ships were relatively small and all breakbulk, cargo operations tended to be centered in downtown areas," says Rex Sherman, director of research and information services at the AAPA in Alexandria, Va.

Activity focused on locations such as Manhattan Island and Baltimore's Inner Harbor. But as ships grew to accommodate more containers, and terminals required more room for those boxes, ports gravitated to the outskirts, where there was room to expand.

For some ports, the growth in container shipping and in ships themselves has prompted some major improvement projects. "The bigger the vessel, the deeper the draft," Finkbiner says. "That requires ports to be dredged—currently up to 50 feet."

As some ports refashioned themselves to accommodate containers, and others did not, sailing schedules changed significantly. "In the past, carriers would go wherever the cargo was," says Prince.

A ship might unload in one port, then meander among several others, picking up cargo until it was full. When containers took hold, steamship companies implemented fixed schedules, calling certain ports—those with the space, cranes, and other necessary facilities—on certain days of the week.

Another result of containerization was the rise of intermodal transportation. Companies that booked cargo with shipping lines used to contract

Containerized ships are too large to dock in the waterfront business districts that once received most ocean cargo. The need for more dock space and room to expand pushed ports to the less-crowded outskirts of metropolitan areas.

Containerization and larger ships have made ocean transportation more efficient. Better use of information technology could take that progress one step further.

simply for the water crossing, turning to other service providers for the truck or rail transport they required. That started to change in the late 1970s.

"Today, the majority of transportation moves are door-to-door," Finkel says, with ocean carriers contracting to provide a complete trip via multiple modes.

DOUBLE-STACKED FOR DELIVERY

As intermodalism grew, transportation companies found better ways to transfer cargo between modes.

"It was only in the early 1970s that carriers started to transition from moving trailers on flat railcars to containers on flat railcars, so most carriers weren't moving chassis," Keller recalls. The early 1970s also saw experiments with railcars that could carry multiple containers, leading to the current standard of four containers double-stacked on a single car.

"Double-stacked railcars are as important to North American trade practices as the invention of containers," says Prince.

Looking toward ocean shipping's future, most observers see a fleet of larger ships steaming toward them. "Maersk is ordering ships in the 18,000-TEU range," says Keller.

But size has its practical limits. "Many ports can't handle larger ships," he adds. "Plus, unless the loading and unloading technology changes, those ships could sit in port for three to five days."

The 18,000-TEU vessels won't fit through the newly expanded Panama Canal, which is due to open in 2014. But as that channel starts to accommodate ships of 10,000 TEUs and more, shipping patterns in North America will evolve in response.

"All the East Coast ports hope to become the port of preference in 2014, when the Canal allows for deeper, bigger ships," says Prince. New York and Savannah might have an edge in that competition because they're the only East Coast ports served by competing railroads.

Another change on the horizon involves ocean carriers' commitment to providing intermodal services. "The steamship lines have decided to go back to being responsible just for the haulage between the origin and destination ports, because the rest is too expensive for them," Finkbiner says.

One consequence of that decision is that fewer shipping lines are providing customers with chassis—the flat trailers used to haul containers over the road.

In the next few years, all carriers will likely stop providing chassis as part of their service, leaving shippers to obtain that equipment from chassis leasing companies or chassis pools at an extra cost, says Don Pisano, vice president at American Coffee Corporation, a Jersey City, N.J.-based importer of green coffee beans. Pisano also chairs the ocean transportation committee of the National Industrial Transportation League (NITL).

"The frustration for shippers is that the industry is not changing all at the same time, even within the same ports," Pisano says. Some carriers have stopped providing chassis, while some still offer them, creating issues when imports arrive at distribution centers or public warehouses.

If Company A's container arrives Monday on a carrier-owned chassis, and Company B's container arrives Tuesday on a leased chassis, the facility operator might unload Company B's container first to spare that customer extra leasing charges.

Dredging deeper access channels through waterways such as the Pacific Northwest's Columbia River (*above*) allows ports to receive larger ships and increase traffic.

"It's no longer first-in, first-unloaded and returned," Pisano says. Such inconsistencies make it harder for shippers to plan their operations.

Another emerging issue is the high cost of fuel. Some ocean carriers have turned to "slow steaming," operating vessels at lower speeds to save money by consuming less fuel.

Whether shippers benefit from those savings is the subject of much debate. "Shippers are forced to absorb a slightly longer transit time, and there's a cost to that," Pisano explains.

Prices of many commodities—such as the coffee beans that American Coffee Corp. imports—have spiked in recent months, so importers want to get their products to market as fast as possible. Slow steaming doesn't help.

"Shippers are being affected by a dramatic increase in commodity prices at the same time they are now carrying that cost for an extra few days," Pisano says. The extra carrying costs might wipe out any transportation savings that slow steaming provides.

GOOD NEWS FOR DATA SHARING

One area where ocean shipping—much as just about every other industry—has seen vast improvements in recent decades is the ease with which trading partners can share information.

Will Pasco, managing director of the Mid-Atlantic Shippers' Association, hopes the industry will take even better advantage of the Internet and other data services in the future.

Today, when a problem occurs in a supply chain, the shipper doesn't always get the news right away. "Shippers may hear about an issue from a customer before the shipping line reports it," Pasco says. If carriers, port operators, and other service providers could better synchronize their information systems, shippers would gain a great deal.

Containerization and larger ships have made ocean transportation more efficient, and better use of information technology could take that progress one step further, says Pasco, whose member-owned association negotiates ocean rates on behalf of shippers and non-vessel-owning common carriers. "Technology use could provide the next paradigm shift," he says.

BIG CONCERNS FOR BIG SHIPS

Another improvement that shippers would appreciate is less fluctuation in container rates. Myriad factors affect those rates, making ocean shipping the ultimate supply and demand model. But shippers crave more consistency.

Along with other big concerns—cargo security, piracy, and environmental issues, for example—cost drivers such as vessel size, fuel prices, time vs. price calculations, and the uncertain state of the world economy will give shippers and carriers sleepless nights for a long time to come.

"The industry is undergoing radical change because of price fluctuations," Finkbiner says.

In an industry that transformed world commerce simply by embracing a metal box, however, further change may well signify a prosperous future. ■

One key step to finding answers to any logistics problem is knowing the right questions to ask.

Inbound Logistics assembled a team of supply chain technology leaders and asked for their perspectives on the important logistics challenges and opportunities impacting your business.

More importantly, these logistics IT thought leaders can give you guidance when considering applying technology innovations to your business processes.

I.T. THOUGHT LEADERS

Managing the Logistics Lifecycle

Q: Cloud computing has become an industry buzzword. How will this technology influence the way companies approach logistics management?

HUBERT: Enterprises have long sought solutions that deliver immediate value, are easily accessible and scalable, and require minimal up-front investment. Unfortunately, the traditional delivery models of installed software, or dedicated Web-based systems, fell short of those goals. The net effect on most small and mid-size companies was to render valuable logistics management solutions virtually inaccessible.

MARTIN HUBERT

CEO
Freightgate

Cloud computing changed all that. A "shared services" approach is the only way to bring value to every player in the market. Companies can access a full-cycle, multi-modal solution covering transportation procurement, rate management, end-to-end visibility and collaboration, and e-invoicing with international invoice validation and payment. Supplemental offerings for compliance, and sales and operations planning, round out the Logistics Management Lifecycle (LML).

Q: What innovative sustainability initiatives also increase efficiencies?

HUBERT: Sustainability and carbon footprint have been on Freightgate's radar for several years. Shippers can seamlessly include carbon impact in their transportation decision support with multi-leg, dynamic carbon impact calculation at the execution level. Desk-level personnel can access complex carbon impact data, combined with optimized rating and routing, for day-to-day logistics decisions.

Q: How can retailers and 3PLs manage constrained carrier capacity more efficiently?

HUBERT: A capacity management system leverages rate, transit time, and allocation information to optimize carrier utilization across facilities and load ports, leading to better collaboration between carriers and shippers.

Q: How can value chain partners cooperate to create and share efficiencies?

HUBERT: As the most strategic point in the LML–the buy decision–transportation procurement provides the greatest opportunity to create efficiency. Carriers are adopting and promoting more uniform formats for quote requests, providing templates, formats and tools for their customers that accelerate the RFP process. Back-office rate tables populate RFPs in minutes instead of days. Forward-thinking carriers are educating customers on the benefits of standardization.

Freightgate goes the next step by enabling carriers to maintain shipper rate data through secure, controlled access. We give customers straightforward tools to import RFP data and export responses/awards to and from their back-office systems, regardless of the format.

Shared efficiency results from end-to-end supply chain visibility. As simple as it sounds, fewer empty miles mean lower transportation costs and reduced carbon emissions. Our collaborative last-leg management expands the efficiency footprint to include better labor planning, and demurrage/detention avoidance.

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The Perfect Time to Optimize Labor Management

Q: A confluence of issues related to rising fuel costs, compliance challenges, and lost capacity is currently impacting the logistics industry. Why is now the perfect time to optimize labor management?

O'CONNOR: Driver shortages, rising fuel prices, and legislative changes related to Hours-of-Service (HOS) and Comprehensive Safety Analysis (CSA) are increasing operating costs and will potentially further decrease capacity. To maintain a competitive edge, it is important to have an accurate accounting of costs by customer, order, or task, and to gain real-time visibility into labor performance. A comprehensive labor management solution that automates processes such as hiring, time and attendance, and scheduling can help control costs, minimize compliance risk, and improve productivity.

Consider the cost of hiring a replacement driver in terms of lost capacity and direct hiring costs, for example. With advanced hiring solutions, you can automatically and accurately source, select, and on-board so you can significantly reduce the time it takes to hire, as well as improve your workforce quality. Additionally, accuracy in time tracking and scheduling can help control labor costs by controlling unnecessary overtime and shrinking payroll inflation. You can also automate all safety and attendance policies, and use automated certification tracking to ensure employees have the correct, up-to-date skills and certifications.

Finally, labor management solutions support lean initiatives so you can increase the capacity of your existing workforce and encourage pay-for-performance initiatives.

Q: What are the pitfalls of lacking visibility into supply chain labor?

O'CONNOR: Bureau of Labor statistics state that two-thirds of logistics workers are drivers or material handlers, roles that directly impact quality and service. Typically, logistics organizations have great visibility into the movement of goods throughout the warehouse or channel. But two key visibility challenges can affect both service levels and profit margins: labor costs and labor performance.

Labor costs exceed 50 percent of a typical operating budget. Unseen and uncontrollable labor costs can have a significant impact on profit margins. Idle or underutilized workers create non-value labor expenses, and for a $10-million payroll, just five percent in non-productive time wastes $500,000 annually. If you can't understand how paid time is spent–for which tasks, when, and by whom–then you can't see or control your true labor costs and the causes behind margin variances.

Visibility empowers you to respond effectively to unexpected situations affecting labor performance, such as sudden spikes in demand, unanticipated orders, and labor fluctuations. Labor management tools provide real-time dashboards so you can match people against the orders or shipments you are fulfilling, identify which orders are under- or over-staffed, and reallocate labor instantly.

MALYSA O'CONNOR

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Technology Provides Visibility into Global Supply Chains

Q: When managing global transportation, how do advanced Software-as-a-Service (SaaS) transportation management systems (TMS) compare to traditional installed-based rivals?

AHEARN: As more companies expand overseas and offshore, managing transportation is quickly becoming a challenging factor of globalization. With a true SaaS TMS, multiple organizations–including vendors, carriers, and shippers–are able to work collaboratively in a single instance of the technology.

In addition to collaboration, true SaaS models give organizations an ideal cost structure, allow visibility across the entire supply chain, as well as provide scalable, flexible, and efficient processes. This enables companies to reduce costs, improve services, and gain complete visibility into their entire transportation process while abiding with the processes and regulations of different countries.

Furthermore, the connectivity provided across multiple partners in a SaaS model makes visibility a natural outcome. Traditional installed software is built with single user architecture in mind. Installed TMS solutions don't provide the visibility, centralized control, or collaborative benefits of a true SaaS platform, which is why SaaS models are becoming the growing preference among industry experts and transportation professionals.

MATT AHEARN

President
LeanLogistics

Q: How can companies improve their global supply chain by leveraging technology?

AHEARN: In a volatile global transportation market, companies must be able to scale infrastructure quickly and efficiently based on changing business needs. With true SaaS models, functionality, users, and applications can be added or deleted to adjust the solution for a more efficient and cohesive supply chain. By centralizing control of the transportation process, companies are able to proactively address shifts in the supply chain.

True SaaS technology not only allows companies to manage the execution side of transportation, but also greatly enhance the planning side and, in turn, all links of the supply chain. In addition, the unique value SaaS-based solutions generate is the ability to leverage a community, such as the LeanLogistics Transportation Network, which empowers companies to improve overall supply chain management in a collaborative environment.

Q: What advantage do companies receive from being part of a transportation network?

AHEARN: Gaining visibility to data is the primary benefit to having access to a network. For example, members of the LeanLogistics Transportation Network have unbiased access to transportation data, such as rates, carrier performance, and transit times, to strategically improve performance by providing an industry frame of reference beyond historical company-only data. By accessing network data, companies benchmark with better business intelligence, allowing smarter decisions for continuous improvements.

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Cloud Computing: Think Globally, Leverage Locally

Q: What are the elements of a successful cloud-based logistics IT solution?

HEIMBECK: The "cloud" means different things to many people. I think of it as a highly structured, shared working space with three dimensions that work harmoniously to create a productive alternative to our current bricks-and-mortar-based method of doing business.

The three dimensions are:

1. A Web-based system that uses low-cost, hyper-lightweight global telecommunications to extend the reach of a single computer server to any place in the world that has electricity and telephone connectivity, even cell phone connectivity. This brings everyone within an organization—agents, vendors, and customers—into a single global environment.
2. The system on the cloud needs to be an end-to-end business solution so that everyone in the organization has functions and roles in the solution.
3. A cloud-based solution should tie users to other essential services such as Customs, carrier portals, insurance companies, and financial institutions. Participating in a cloud-based solution means not having to build these connections yourself.

Q: Why do you think international logistics is particularly well-situated to benefit significantly from cloud-based computing?

HEIMBECK: No other industry is as geographically challenged. International logistics requires many more parties than domestic-oriented companies to work together seamlessly to deliver a single deliverable. Imagine if an assembly line had to stretch across continents or oceans. Yet, in many ways, logistics is the assembly of pivotal information and command sets that represent and create the digital picture of a shipment. Each participant has to hand off key information to the next all along the line until the shipment is delivered at destination. This means across time zones, cultures, and languages. In the United States, logistics providers manage business from origin to destination because there are only three time zones, everyone speaks English, and all that is required is to pick up the phone and go to work. International logistics does not work that way.

Q: What are the biggest stumbling blocks when companies elect to go on the cloud?

HEIMBECK: They want to keep working locally and thinking locally. "Cloud" computing means thinking globally, leveraging locally.

Q: Where are the biggest productivity gains?

HEIMBECK: The two biggest gains come from not having to re-key data, and not having to fix problems well after the point when making the fix would have been easy or inexpensive or both. Problem-solving comes a large part from visibility. Spotting a problem early on can be the key to making quick interventions that avoid penalties, costly re-routes, or time-consuming alterations. Traditional systems have built-in time lags that create opaque environments where everyone hopes that the job is being done right on the other side. Simply put, "you can't really manage what you can't see."

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BRYN HEIMBECK
CEO
Trade Tech, Inc.

What Makes a Great TMS?

Q: The transportation management system (TMS) market is growing rapidly. What is driving this activity?

COMRIE: Growth is coming from both shippers and logistics service providers. 3PLs are recognizing opportunities where they can affect change within their organizations by adopting TMS solutions that have more robust functionality. They now view transportation management technology as a means to differentiate their value proposition in the market and win new customers. TMS is no longer a back-office function.

3PLs abandoning existing TMS applications that they sank a lot of capital into demonstrates the value they place on transportation management and the quality of solutions currently on the market.

For shippers, the TMS market is finally coming into its own after 10 years of people saying it was low-hanging fruit. Senior management now sees the importance of transportation and the value of a TMS. With greater visibility, shippers understand how they can leverage this information internally as opposed to just outsourcing everything.

The bottom line for TMS buyers today is that it's no longer a matter of cost. It's about generating top-line revenue.

Q: The Software-as-a-Service (SaaS) deployment model has received a lot of attention because of its fast implementation and relatively low cost. Is the on-premise install out of fashion?

COMRIE: No, we're seeing quite the opposite effect, in fact. Increasingly, shippers want to own and control software rather than have it hosted. As they become more sophisticated in terms of how they manage their supply chains, they can exploit information to extract greater value. With SaaS deployment, users lose that ability to mine and manipulate information that allows them to react to and execute change in a more sophisticated way.

It really boils down to preference. If buyers are looking for a transactional, no-strings-attached TMS, then SaaS is an ideal fit. But if users want the flexibility to configure a solution per their specific needs, strategy dictates an on-premise approach.

GEOFF
COMRIE
CEO
Transite Technology

Q: What should shippers and intermediaries be wary of when evaluating TMS options?

COMRIE: The two primary concerns are ease of integration and data security. Shrink-wrapped TMS applications are common, so prospective buyers need to conduct proper due diligence when comparing different options. Can you make changes easily? Will the TMS properly integrate with an ERP system? In transportation, and when vetting TMS applications, the devil is in the details.

The second consideration is understanding where data is captured and stored. With SaaS solutions, the user usually can't directly access the database where their data is stored. This prevents the customer from using its own reporting or BI tools directly with its own transportation data. It can also be an issue with data security, as the safest place for your data is behind your own firewall.

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Casebook

by Joseph O'Reilly

DISTRIBUTION NETWORK OPTIMIZATION

Repairing Cracked Supply Chain Design

Trouble begins with a chip in a car windshield—an inconvenient blemish until it begins to spread. Before long, it fractures and fissures its way into a serpentine crack that spans the line of vision. That's when Safelite AutoGlass saves the day.

After its acquisition by Belron SA in 2007, vehicle glass manufacturer Safelite polished its supply chain to a shine. Now it clearly sees increased distribution efficiency, enhanced customer service, and lower costs.

The Columbus, Ohio, company provides mobile vehicle glass repair and replacement services to more than 95 percent of the U.S. population in all 50 states. Like any automotive service parts organization, having the right parts stocked in the right places with the right quantities is a mission-critical imperative.

In 2007, Belron SA, the world's largest vehicle glass company, with operations in 34 countries, acquired Safelite and three other business units under the corporate umbrella. The merger precipitated an audit of the new organization's supply chain in an effort to leverage speed and inventory availability as a competitive differentiator. One year later, Belron/Safelite launched an organization-wide effort to transform its supply chain into a core competency.

"Safelite set out to grow its business," says Dino Lanno, senior vice president of supply chain for Safelite AutoGlass. "Its supply chain was at capacity, however, and not an enabler for growth. Its objectives were to drive customer satisfaction and move inventory closer to customers.

"The company wanted to begin its realignment by looking at demand, then building the supply chain around that," he adds. "Safelite's customers have rigid requirements, and demand quick and reliable service.

"Our realignment began with the customer, a retail strategy, and a growth plan around 2015," continues Lanno. "We strategically analyzed where our business would be in terms of unit throughput. We

CONTINUED FROM PAGE 191

asked, ‘Where are sales today? Where will sales be tomorrow?’ Because we’re an auto parts business, there’s always a bigger market share where cars are.”

Safelite began identifying future demand trends and inventory needs. Its objective was to determine where it should locate its warehouse and distribution assets, and how it could optimize its network to lower glass acquisition costs, reduce transportation expenses, and better position the company to make products available for North American customers.

The project comprised four parts:

- Closing Safelite’s single distribution center (DC), located in Enfield, N.C., adjacent to its primary U.S. manufacturing facility, and opening new DCs in Ontario, Calif.; Braselton, Ga.; and Montreal and Airdrie, Canada.
- Harmonizing supply chain models between the United States and Canada.
- Increasing warehouse capacity on both sides of the border.
- Implementing cross-border shipping functions.

The decision to eliminate Enfield as a DC location was predicated by a process of modeling demand. Using *CAST* software, a PC-based application developed by South Africa-headquartered Barloworld Supply Chain Software for global supply chain modeling, network design, and optimization, Safelite examined glass and parts acquisition costs, transportation spend, and product need by location to determine optimal solutions.

As Safelite adapted its supply chain, acquired companies, and internalized these changes, it began looking at key performance indicators (KPIs). The company populated input regarding customers, stores, labor rates, freight lanes, and other criteria into the modeling application and matched that to current KPIs to provide contrast with its existing network.

“We predicted operating costs,” explains Lanno. “We posed scenarios, such as ‘If we uncouple all our warehouses, where should we site them?’ and questioned whether we would need more warehouses. We also uncoupled DC location variables, taking all constraints out of the equation and letting the tool tell us where to site them.”

In two years, Safelite quadrupled its distribution capacity, ensuring its vehicle glass products are in stock when customers need them.

Part of Safelite’s distribution transformation was determining how to purpose facilities in its hub-and-spoke network. The company employs three location types: warehouses that stock products that are selling but have little depth; distribution centers that have inventory depth to service warehouses; and hubs that operate similar to DCs but carry less product.

Modeling future demand enabled Safelite to determine the types and number of facilities it needed, and where.

“On the East Coast, Atlanta was the best site,” says Lanno. “Then we determined the best location in that area. We knew we wanted to be on the I-85 Corridor. We looked at city and state governments, taxes, and labor, and settled on Brazelton.”

The company engaged a similar due diligence process on the West Coast, ultimately selecting Ontario.

To increase demand responsiveness and better serve customers, Safelite decided to relocate and expand 31 new warehouses, bringing the total count to 87. Of that, there are two primary U.S. distribution centers in Brazelton and Ontario, and 11 facilities designated as hubs. Between 2008 and 2010, Safelite quadrupled its distribution capacity to 600,000 square feet, with a corollary 33-percent increase in SKU count.

GROWING EFFICIENCY

Expanding its distribution footprint allowed Safelite to achieve considerable transport savings and customer service improvements. It has eliminated about 1.7 million haulage miles between DCs and warehouses, while simultaneously reducing lead times, carbon emissions, service level impacts, claims, and shrinkage.

Specifically, the opening of Safelite’s West Coast distribution center took one million miles out of the annual transportation budget. Implementation of cross-border shipping from western Canada to U.S. locations in the Pacific Northwest is expected to reduce mileage to those warehouses by half. That's just for starters.

"Pick-per-man-hour and package density have both improved, as has reverse logistics," says Lanno. "We can also pay more now for transportation if necessary because we're paying for quality and reliability. We manage that by accurately forecasting demand, then executing on it."

With more inventory and warehouse space in the system, Safelite made it a point to modernize new and existing facilities and equip them with sophisticated technologies to increase efficiency. In Airdrie, for example, the company introduced Belron's global warehouse management system (WMS), which automates inventory control and operational functions. The WMS will eventually be rolled out to all U.S. and Canadian distribution centers and warehouses.

"When we were private-equity owned, we did not invest in the supply chain," says Lanno. "We've been able to grow market share because we have the best parts in inventory—parts competitors don't have. Consequently, there is a natural product cost improvement simply because we don't have to buy from outside."

To date, the automobile glass manufacturer/supplier has demonstrated notable results among its 380 retail stores and in the 202 markets it serves. In two years, Safelite has achieved the following:

- Reduced adverse buys—products sourced from competing suppliers rather than internally—by more than 50 percent.
- Cut scrap by 30 percent.
- Improved the proportion of retail customers served same-day/next-day by seven percent.
- Increased retail sales 17 percent, retail profit 39 percent, wholesale sales 11 percent, and wholesale profit 29 percent.

That Safelite's retail and wholesale profit margins are growing faster than sales suggests the company has been successful in squeezing out ancillary spend—a testament to greater supply chain efficiency and economy.

Resisting the recessionary and acquistions impulse to contract, Safelite conducted necessary due diligence and supply chain modeling to justify an appropriate course of action. The company is now leveraging what it has invested in and built to generate value for its customers. For Lanno, Safelite's successful transformation crystallizes into one lucid point.

"If supply chain is not top of mind, you are only doing things for the sake of doing them," he says. ■

I.T. Toolkit

by Dan McCue

Raising a Glass to Better Beverage Management

As one of the world's largest single buyers of beverage alcohol–with more than $580 million in annual sales–the Manitoba Liquor Control Commission (MLCC) juggles a multitude of needs in a varied and challenging supply chain environment.

Faced with processing more than 63,000 orders each year, the Manitoba Liquor Control Commission tapped a merchandising optimization and demand-based replenishment solution to keep the booze cruising into stores.

A crown agency of the Manitoba government, MLCC regulates, distributes, and sells beverage alcohol throughout the province. As a result, it's no exaggeration to say that every drop of beverage alcohol that's consumed in Manitoba literally flows through the commission.

MLCC purchases product from more than 2,900 suppliers in 56 countries, and delivers those products to approximately 1,700 customers through its 50 Liquor Mart stores, as well as independent alcohol vendors and privately owned specialty wine stores. In all, the Winnipeg, Canada-based commission–which is both a provincial regulatory agency and a commercial enterprise–processes 63,000 orders each year.

When MLCC officials gathered to discuss operations in mid-2007, the commission's most pressing need was obvious: find a way to rationalize and streamline the ordering process for its stores.

"Our conversations focused on the need to re-prioritize our point-of-sale implementation and migrate to a centralized replenishment model," recalls Gerry Sul, MLCC's chief corporate service officer.

"With de-centralized ordering, by the time you recognize a change in consumer tastes or a trend in a different direction, a container might already be on its way from South Africa or Australia, carrying goods that end up as discounted items or limited-time offers," he says.

With 50 stores and 50 individual managers responsible for inventory control and store assortments, 50 different ordering philosophies could

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tangle the commission's supply chain.

"It's hard to measure precisely how much ordering variation the commission was encountering," says Sul. "Occasionally a particular store would run out of a popular beverage, suggesting a lack of understanding of what product assortment should be on the shelves. Also, with product coming from more than 56 different countries, lead-time requirements can greatly influence ordering.

"We recognized that consistency is important," he continues. "And we knew migrating from an aging system to a more consistent corporate replenishment application would bring other opportunities, such as freeing up store managers' time for value-added activities."

Instead of being burdened with time-consuming clerical duties, managers could redirect their attention to the look and feel of their stores, developing programs and promotions, and managing, coaching, and mentoring employees – creating a better customer experience in the process.

CHOOSING A SOLUTION

For a solution to its challenges, MLCC turned to Aldata Solution Inc.'s merchandizing optimization and demand-based replenishment software. The commission selected the Atlanta, Ga.-based software vendor partly because it recently deployed its retail solution across a Finnish government-owned liquor chain, which shares a similar business model and supply chain channels with its Canadian counterpart.

"We talked to all the key software vendors in that market space, but felt Aldata offered something more," Sul recalls. "What caught our attention was how personable they were. The software functionality was obviously a key component, but having a meaningful vendor relationship was equally important to us."

The Aldata solution MLCC deployed takes the "human factor" out of beverage ordering by determining how frequently to replenish store shelves while meeting the parallel desires of serving customers while controlling inventory and logistics costs.

As the province's sole beverage alcohol distributor, the Manitoba Liquor Control Commission orders from more than 2,900 suppliers in 56 countries.

"The solution moves the tedious ordering process out of the stores and brings it into the commission's headquarters," says Jyrki Ihanainen, Aldata's vice president of sales. "Multiplied across several stores, that centralized approach produces significant labor savings.

"And all retailers have more product on hand than they have room to display," he continues. "We intend to apply the demand data gathered by the software to optimize storage and shelf space."

The software collects each day's sales data, then uses it to create a true picture of customer activity at the store level and across stores that fit into a specific "cluster," such as wine merchants.

Instead of placing standard orders – which results in shipments arriving the same day every week rather than when the product is actually needed – the new program places orders only when the software anticipates a specific need to do so.

On the store level, managers can access a Web site to view pending orders, and track when their order has arrived in the country, been picked at the warehouse and loaded onto a truck for delivery, and when it will arrive at the store.

Although the general ordering process is centralized, managers still play a vital role in identifying factors that may influence the store's inventory needs.

"No matter how successful the software is, we will always rely on local intelligence," Sul says. "Our stores are spread out across Manitoba, and it would be unrealistic to expect the software to account for every local charity, social, or sporting event.

"That's why we haven't set a goal for 100-percent automation," Sul adds. "We count on store managers to influence the buy using that kind of intelligence."

A GRADUAL APPROACH

MLCC's technology implementation currently has an estimated timeline of between eight and 12 months, and is intentionally gradual in order to mitigate risk.

The first stage is to turn on software functionality for inventory management, eventually followed by demand forecasting and retail analytics. A pilot, featuring five stores, is set to launch by autumn 2011. Then if all goes well, the software will be scaled to all 50 stores.

Why move so cautiously? Being the sole liquor distributor in the province, the MLCC cannot afford mistakes in any new technology deployment.

"We're the only game in town for our customers," Sul explains. "If our applications prove unstable or our service is disrupted, there is nowhere else customers can turn. That's why we're moving incrementally, adding automation and functionality piece by piece.

"We're starting with a subset of brands or SKUs and a subset of our liquor mart locations, then we'll gradually grow into a computer-assisted ordering model for all products," he says.

SECURING STAFF BUY-IN

There's a human resources element to consider when implementing a new software solution—particularly when ordering autonomy is being shifted away from the stores.

"Managers might be skeptical of the new system," Sul says. "Some store managers may not believe the software can do as good a job as they did in the past.

"We will try to smooth the transition, get buy-in, and help store managers understand why MLCC is going down this path," he adds. "We want them to understand that the software implementation will be better in the end—for us, for them, and ultimately, for customers.

"At the same time, we want to encourage managers to actively engage in the vetting process, validating the software's order and replenishment suggestions, and making sure they are accurate."

If the MLCC has automated 60 to 70 percent of its ordering within one year, Sul will consider the software implementation a success and many of the commission's key goals accomplished.

"I wouldn't want it to take more than one year, because we'd also like to pursue some long-term objectives with the Aldata solution," he says.

"Our first priorities revolve around allocation and replenishment, but we want to employ other functionalities as well—analytics, space planning, shelf management, and product optimization," says Sul.

With any luck, MLCC's store managers will join Sul in raising a glass to toast the benefits of the new centralized ordering system. ■

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The Secret Ingredient For Inventory Accuracy

Taking a can-do approach, tomato canner Red Gold achieves 99-percent inventory accuracy with bar-coding and wireless data collection.

Manual data collection can bog down inventory management or production processes, and introduce inaccuracies and inefficiencies throughout a company's operations. Red Gold, one of the nation's largest full-line tomato product manufacturers, raised its inventory accuracy to 99 percent and improved production tracking by replacing its manual system with a bar code-based data collection solution.

In business since 1942, Orestes, Ind.-based Red Gold is one of the largest tomato canners in the United States, and produces the brands Red Gold, Redpack, Tuttorosso, and Sacramento, along with a number of private label store brands.

Until a few years ago, the company used a manual, paper-based process to track inventory and finished goods production. As cans of tomato products were loaded into cases and palletized, machine, lift truck, and palletizer operators hand-wrote multiple pieces of information in order to record production.

Manufacturing and shipping operators also had to record a variable-length case code that was stenciled onto each shipping tray or case. These eight- to 14-character codes, which included both alpha and numeric characters, were unstructured and not always printed in the same place on the trays or cases.

TOO MUCH ROOM FOR ERROR

Although the case codes were a key part of the company's product traceability system, manual data collection created multiple opportunities for transcription errors. Red Gold's primary distribution center may have 50,000 to 60,000 pallets in storage on any given day, and 100 to 200 trucks move in and out of the facility daily. With this high volume

CONTINUED FROM PAGE 199

of product moves, the manual recording process created a constant struggle to achieve accuracy.

"Operators recorded the case code in several places, including on a pallet placard, and reported it to Quality Assurance for its records," says Trevor Kaye, senior project manager, supply chain, Red Gold. "They had to note the number of cases on a pallet, and the number of pallets they had produced."

Red Gold needed to improve its data collection operations, while also enhancing its ability to track inventory. "We didn't want just a data collection system," says Debra Ivey, application development manager, Red Gold. "We were trying to streamline the pallet-tracking process."

Data timeliness was also an issue, because the pallet data was only entered in the company's Infor *ERP LX* enterprise resource planning (ERP) system once each day.

"Clerks entered production area data, which might be more than one day old, into the computer system," Kaye says. "Not only could the operator write down the wrong number, but the clerk could key it incorrectly. Nobody knew what our actual inventory accuracy was prior to automated data collection, but we knew it had to improve."

While Red Gold had clear goals for its data collection solution, deploying such a system was no easy task. First, the company needed buy-in from the staff who would have to use it each day, and the new system had to be installed with minimal modifications to the existing ERP system.

INTEGRATION WITH EXISTING PROCESSES

After some research, Ivey identified the *QuikTrac* data collection solution from Integrated Barcoding Systems of Adrian, Mich. *QuikTrac* integrates directly with the IBM System i computer, which Red Gold uses to run the *ERP LX* software. This was a key selling point for Red Gold.

"Our mandate is that we will not modify our systems unless absolutely necessary," says Randy Merle, director of IT, Red Gold. "Any provider we partner with understands that from the beginning."

Red Gold installed a wireless LAN, along with bar-code scanning and printing equipment, to work with the *QuikTrac* solution. Operationally, the only process that changed on the shop floor was data collection.

"There was no change to the physical process," Kaye says. "We had a lot of work to do to demonstrate the planned changes, but in most cases we were making work easier for operators."

Today, operators on the palletizing line receive production information, including the case codes for the product, on client terminals connected to Red Gold's computer system. As each pallet is completed, the operator creates a bar-code label, using label software and a printer. The label is attached to the pallet for inventory recording purposes; data is transmitted via a wireless LAN.

Lift truck operators then use vehicle-mount computers and scanners to record that the pallet has been produced. The lift truck moves the pallet to a storage location in the warehouse, and the operator scans a bar-coded placard at the location to record the putaway data.

Pallets may also be loaded into a truck for shipment to the distribution center (DC). Workers scan pallets before loading them at the manufacturing facilities, and again when they are received at the DC.

When product is pulled for shipment to a customer, operators know exactly where to go to find the correct pallets. The labels are scanned again during picking and shipping.

"We've configured *QuikTrac* so that operators can input the customer order they want to pick, which triggers the system to reach into the *LX* databases to gather all the information about that order, including items and quantities," Ivey says.

"*QuikTrac* has automated recording inventory transfers within *LX*," Ivey continues. "As we pick orders, the system validates that items and quantities are accurate according to the order within *LX*, while creating an order allocation."

While most orders are for full pallets, the *QuikTrac* solution also allows

Implementing a bar-code labeling system to track case codes helped eliminate the transcription errors that had plagued Red Gold's manual data recording system.

operators to build mixed pallets within the system, and generate new pallet labels that reflect these case moves.

The *QuikTrac* solution also helps manage the storage and retrieval of cans of tomato product that have been stacked on pallets, but don't yet have product labels. The data collection system helps manage moving those items from storage to a depalletizer and through the labeling line, then to the case pack and palletizing process.

Red Gold's high-volume DC runs smoothly with automated data collection.

NEAR-PERFECT INVENTORY ACCURACY

QuikTrac was deployed in phases between 2002 and 2007 at Red Gold's three manufacturing facilities in Orestes, Elwood, and Geneva, Ind.; three manufacturing support warehouses; and its one-million-square-foot DC, where *QuikTrac* now works in conjunction with the warehouse management solution (WMS).

The new solution's biggest benefit to Red Gold has been a tremendous lift in inventory accuracy. "Our accuracy is now more than 99 percent," Kaye says. "We have never been able to do a full physical inventory in the DC, but we instituted disciplined cycle counting when we implemented the data collection project, including a weekly inventory accuracy report."

The company has also been able to reduce the number of clerical staff and lift truck operators in its DC because of the inventory accuracy improvement, the automated data collection solution's speed, and the subsequent WMS implementation. Staff that had been focused on data entry can now spend more time validating and analyzing the data generated by the automated solution.

"Because of the data collection solution, we realized labor savings at multiple points throughout the process, and we've been able to increase volume significantly without adding clerical staff," Ivey says.

Red Gold also has a database of pallet-level information that is much more granular and detailed than it had been in the past. "Because of the robust database, we can do a much faster job of identifying when we made a product, what's on each pallet, and where it was shipped," Kaye says.

EQUIPPED TO TRACK AND TRACE

That data has been increasingly important because, as a food producer, Red Gold is subject to stringent Food and Drug Administration traceability requirements, as well as customer traceability requirements established by the Safe Quality Food Institute's standard.

"Prior to automated data collection, shipment tracking was measured in days and weeks because of the time required to gather the manual records, summarize the data, and validate its accuracy," Kaye says. "Now we can have accurate data within two or three hours. Customer and regulatory time requirements for product traceability are now much shorter, and it would not be possible to meet these changed requirements without automated data collection."

Another benefit has been that all Red Gold facilities have standardized their case codes in order to improve the solution's performance.

"Those codes were very difficult to record originally," Kaye says. "As Quality Assurance realized there would be a significant advantage to using data collection for product traceability, they standardized those case codes. Without the bar-code system, we didn't have a prayer of getting that kind of standardization." ■

Red Gold's Improvements Bear Fruit

COMPANY

Red Gold, Orestes, Ind.

APPLICATION

Inventory Management and Production Tracking

SYSTEM

- *QuikTrac* data collection software from Integrated Barcoding Systems
- Intermec wireless handheld and vehicle-mount bar-code scanners/mobile computers
- TL Ashford *Barcode 400* software
- Zebra Technologies bar-code printers
- Cisco Systems wireless LAN
- Infor *ERP LX* and *WM9*

BENEFITS

- Achieved 99-percent inventory accuracy
- Realized significant labor savings
- Eliminated manual data entry
- Standardized company case codes and production reporting procedures
- Improved compliance with customer and government traceability requirements

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.

Management Dynamics

TITLE: ***Supply Chain Visibility Excellence: Fostering Security, Resiliency, and Efficiency***

LENGTH: *27 pages*

DOWNLOAD: *http://tinyurl.com/65rxhf3*

SUMMARY: The increased complexity of global supply chains has led to longer lead times, more pipeline inventory, and the need to control downstream and upstream logistics. This report focuses on gaining visibility into critical elements across the end-to-end logistics network to improve cost and service.

TMSi Logistics

TITLE: ***Fighting Against Excess***

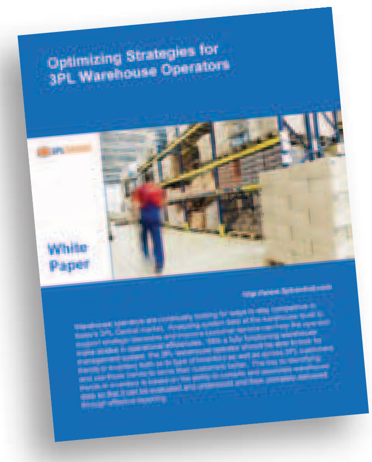
LENGTH: *3 pages*

DOWNLOAD: *http://tinyurl.com/6yem6bd*

SUMMARY: A 3PL can identify and initiate right-sized solutions for streamlined operations that satisfy you—and your customers. To learn how a qualified 3PL can save big in warehouse management, download TMSi Logistics' complimentary whitepaper.

Share your whitepaper with *IL* readers!

***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**



3PL Central

TITLE: ***Optimizing Strategies for 3PL Warehouse Operators***
LENGTH: *19 pages*
DOWNLOAD: *http://www.3plcentral.com/optimizing_email*
SUMMARY: Harnessed properly, the data produced by your 3PL warehouse management software can have an enormous impact on your strategic planning, your ability to service customers – and your bottom line. Written by industry experts, 3PL Central's whitepaper, *Optimizing Strategies for 3PL Warehouse Operators*, will show you how to segment that data in the three most mission-critical categories of attributes. Download this whitepaper for information that could well change the way you look at your data – and warehouse management software – from this day forward.

Ryder

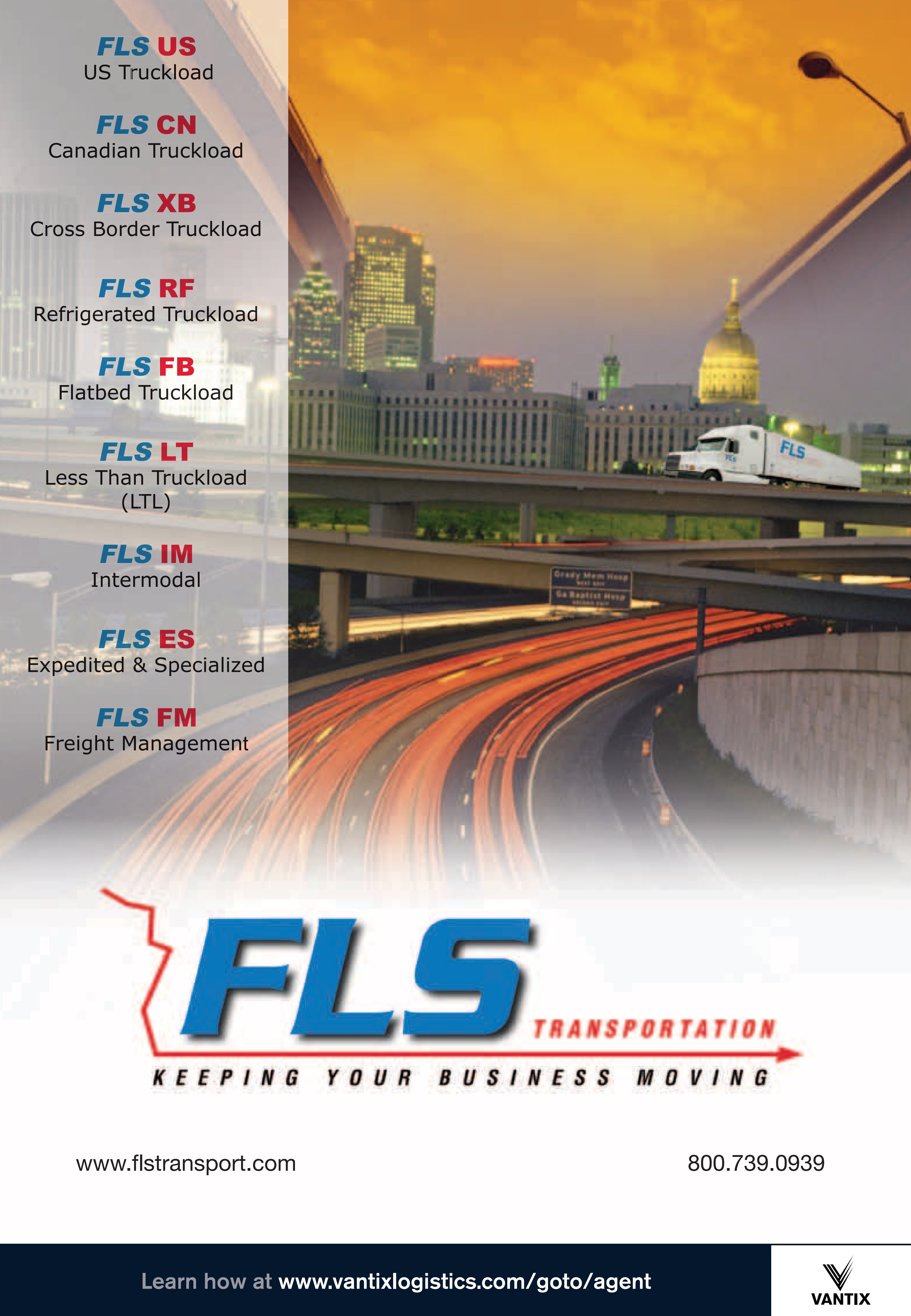
TITLE: ***Supply Chain Security: Preventing Cargo Theft***
LENGTH: *8 pages*
DOWNLOAD: *http://tinyurl.com/4az29kd*
SUMMARY: Today's economy is driven by a global supply chain. Goods are moved around the world 24/7 – packaged and transported by air, rail, sea, or truck. As the supply chain grows more complex, so does the ability to secure them. One of the biggest challenges affecting businesses today is cargo theft, and the resulting potential disruption of the supply chain. Learn some best practices in security that will help your company combat the risks and dangers of cargo theft.

GENCO ATC

TITLE: ***Product Lifecycle Logistics Can Reduce Supply Chain Costs an Average of 10%-20%***
LENGTH: *9 pages*
DOWNLOAD: *http://tinyurl.com/Genco3*
SUMMARY: A product begins its life with maximum profit potential during the manufacturing process. But as that product moves through an increasingly complex global supply chain, excess time and handling costs erode its profit. Product Lifecycle Logistics is a game-changing approach to treating the supply chain as a continuous whole and, in the process, lowering supply chain costs an average of 10 to 20 percent.

UPS Supply Chain Solutions

TITLE: ***Inventory in Motion: A Direct Alternative to Global Fulfillment***
LENGTH: *9 pages*
DOWNLOAD: *www.ups-scs.com/solutions/whitepapers.html*
SUMMARY: Logistics visionaries have talked for years about eliminating or at least reducing the role of inventory in modern supply chains. What is appealing in this vision is the reduction in logistics costs and the fulfillment cycle. Learn how a direct-to-store or distribution bypass approach to global fulfillment can lead to a leaner supply chain by downloading this free whitepaper today.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FLS CN
Canadian Truckload
FLS XB
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- Specify up to 24 pre-set foam cushion combinations

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WEB_CITE CITY

Did you ever search online for a logistics solution without having a specific company name?

Search engines spit back thousands of unusable responses. *Inbound Logistics* is here to help, by compiling the most comprehensive directory of leading logistics and transportation Web sites, organized by category.

THERE ARE TWO WAYS TO USE WEB_CITE CITY:

1. Keep it near your keyboard when seeking specific transportation/logistics sources or just to become familiar with new industry players.
2. Go to the online version of Web_Cite City – fast and searchable by keyword – at inboundlogistics.com/web_cite

3PLs

3PD Inc • 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.

A&R Transport Inc. • www.artransport.com

A&R Logistics specializes in bulk transportation, packaging, distribution, and logistics. A&R provides dependable, quality services to meet your distribution and logistics needs. Through analytical reviews, A&R customizes timely, cost-effective solutions for your company. Put A&R's experienced staff and extensive affiliate network to work for you, and realize global solutions in a changing worldwide market.

Access America Transport • www.accessamericatransport.com

Access America Transport (AAT) is the premier transportation provider in North America. Our commitment to our customers sets us apart from the competition. Our services include: truckload, LTL, heavy haul, and specialized shipping. We offer 24/7 customer support, and AAT is an expert in expedited as well as JIT freight. Our LTL tool enables shippers to instantly compare rates, book freight, and manage all their carrier relationships with one click. Access America is PowerTrack enabled, DoD and GSA approved, Six-Sigma certified, and a Smartway-approved carrier. Please visit our Web site today to get started.

ADS Logistic Service • www.adslp.com

ADS is an award-winning, full-service 3PL provider offering public and contract warehousing, distribution, and fulfillment services designed to move your product with maximum speed, accuracy, and cost efficiency. ADS proudly received *Inbound Logistics'* prestigious Top 100 3PL Providers award for many years. With more than 15 years of experience, ADS has the cutting-edge technology, extreme cost containment strategies, and high level of expertise required to solve any logistics challenge. Visit www.adslp.com or contact Bruce Mantz at sales@adslp.com.

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AFN-Advantage Freight Network, LLC • www.afnww.com

If you are looking to expedite a single piece of freight across country, set up dedicated routes, or want to manage your supply chain more efficiently, talk to AFN today. AFN focuses on your unique needs, and applies analysis and ingenuity to find the answers that no one else can. AFN thinks around corners and moves beyond traditional resolutions to better manage your supply chain challenges.

Alliance Shippers, Inc. • www.alliance.com

With operating facilities in the United States, Canada, and Mexico, Alliance Shippers, Inc. combines excellent customer care with state-of-the-art rail, highway, ocean, and air transportation solutions. Additional services include warehousing, distribution, customs clearance, equipment/driver leasing, and expedited transportation. For cost-effective logistic solutions tailored to your company's exact needs, contact Alliance Shippers, Inc.

Americold • www.americoldrealty.com

Americold 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 offers supply chain network optimization services that optimize sourcing, processing, storage, distribution, and transportation. To be a best-in-class organization, Americold 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.americoldrealty.com.

APL Logistics • www.apllogistics.com

APL Logistics designs and operates global supply chains that deliver products to everywhere you need them. Its innovative end-to-end solutions use data connectivity for greater visibility and control. APL Logistics provides the resources necessary to support your supply chain. Services include shipment consolidation and deconsolidation, global freight forwarding and customs management, regional warehousing and distribution networks, and IT solutions that increase supply chain performance and reduce costs.

IN THIS SECTION:
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Aspen Logistics • www.aspenlogistics.com

The Aspen Alliance Group provides global brand name partners with a competitive advantage through high-quality customized, integrated, cost-effective logistics services. We offer customer-focused solutions in contract and public warehousing, transportation, and value-added services with a special emphasis on temperature-controlled environments. Our superior service is driven by leading-edge technologies, which provide timely flow of information to manage complex supply chain environments.

Bender Group • www.bendergroup.com

Bender Group is a full-service third-party logistics provider focused on providing flexible logistics solutions, delivering excellent customer service, and building partnerships with companies of all sizes to improve their supply chain networks, from raw materials to consumer delivery. Bender Group operates dedicated and multi-client distribution centers, a complete transportation network, and international logistics services. To learn more about how Bender Group can meet your supply chain needs, visit the Web site.

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, truck-load, 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 for more details.

C.H. Robinson Worldwide, Inc. • www.chrobinson.com

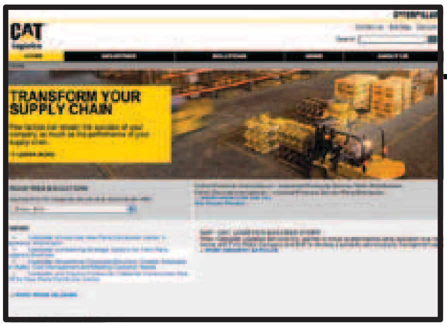
Founded in 1905, C.H. Robinson Worldwide, Inc. is one of the largest third-party logistics companies in the world, providing multimodal transportation, fresh produce sourcing, and information services to more than 32,000 customers globally, ranging from Fortune 500 companies to small businesses in a variety of industries. For more information about our company, visit our Web site at www.chrobinson.com.

Cardinal Logistics Management • www.cardlog.com

Cardinal Logistics Management is a fully integrated logistics and transportation solutions provider with industry-leading experience and hands-on involvement from our senior leadership team. Cardinal's logistics experts work directly with clients to optimize their supply chains by developing and implementing customized transportation solutions including specialized equipment and handling, and proven technology. Cardinal's services include dedicated contract carriage, home jobsite delivery, transportation management, supply chain consulting, SaaS solutions, warehousing, and distribution to companies like CHEP, KraftMaid Cabinetry, Office Depot, and many more. Visit us at www.cardlog.com.

CaseStack • www.casestack.com

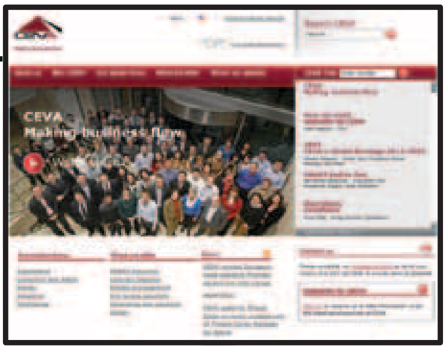
Founded in 1999, CaseStack is the industry's leading outsourced logistics provider, offering complete supply chain solutions to companies selling products to retailers, distributors, and other manufacturers. Thousands of suppliers turn to CaseStack for innovative consolidation programs, efficient warehousing systems, and streamlined transportation management, all of which are centered on proprietary real-time inventory and order technology. Our customers reap the cost savings and achieve the performance levels of their larger competitors without the investment costs.



Cat Logistics • www.catlogistics.com

Learn how Cat Logistics' integrated approach can deliver a significant return on your third-party logistics investment. See how we strategically customize our core services – information technology, inventory management, warehousing and operations management, and transportation management – to create solutions to optimize the logistics process. With our written performance standards and our focus on client service, we can help increase shareholder value and improve your customers' satisfaction.

CEVA Logistics • www.cevalogistics.com



CEVA Logistics, a leading global logistics company, designs, implements, and operates complex supply chain solutions on a national, regional, or global scale for medium to large enterprises. With 38,000 dedicated professionals, CEVA manages more than seven million square meters of warehouse space and operates an extensive global network with facilities in 30 countries worldwide. The company's Matrix product is a centrally hosted, integrated suite of supply chain technologies that enables CEVA to manage complex domestic and global supply chains. For more information on CEVA's products and services, visit them on the Web at www.cevalogistics.com.

Comprehensive Logistics Inc. • www.complog.com

Comprehensive Logistics Inc. is a lean, process-driven supplier of engineered logistics services for complex supply chains. We deliver non-asset-based, custom programs for supply chain management and warehousing, transportation management and value-added services, including subassembly. Our disciplined approach to Continuous Improvement and sophisticated, Web-based technology provides the ultimate in flexibility and real-time transparency, allowing you to maintain control over your supply chain while reducing costs.

Corporate Traffic • www.corporate-traffic.com/ilm

It's a new world of logistics with emerging markets, time-critical needs, security threats, and extreme fluctuation in supply and demand. Corporate Traffic is the logistics provider with the tools to move your products faster and with greater precision – no matter the challenges. With more experience, capabilities, and cutting-edge technology, Corporate Traffic increases efficiencies and lowers costs. So when it's your money on the line, Corporate Traffic makes all the difference.

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Crowley • www.crowley.com

If you think Crowley offers just ocean freight services, think again. Sure, it provides liner shipping and cargo carrier services throughout Latin America, Puerto Rico, and the Caribbean Basin, employing the latest vessels, equipment, and communication technologies. But Crowley is also one of the most diversified transportation companies in the world, developing innovative supply chain solutions backed by deep relationships throughout the region, far-reaching resources, and an impeccable reputation worldwide. With its extensive shipping capacity, as well as thousands of containers, trailers, and other intermodal components, Crowley ensures the reliability of every link in your supply chain.

CTSI-Global • www.ctsi-global.com

For more than 50 years, CTSI-Global has been a valuable resource to companies by providing the technology and industry expertise to help them manage all aspects of their supply chain – physical, informational, and financial – through freight audit and payment, transportation management systems (TMS), information management tools, and global consulting. The end results are improved shipping efficiencies, greater control, and significant ongoing savings. CTSI-Global is your link to supply chain solutions.

Deringer • www.anderinger.com

Customer care, service excellence, and a firm commitment to customs compliance illustrate the differences that have led to Deringer's success as a leading logistics provider for more than 90 years. Deringer's turnkey logistics services include customs brokerage, international freight forwarding, warehousing and distribution, cargo insurance, and consulting. With more than 30 offices and a strong network of international agents, Deringer helps companies optimize efficiencies in their supply chain.

DF Young • www.dfyoung.com

DF Young has more than 100 years of experience providing international businesses with the full range of transportation and logistics solutions. DF Young's customized, person-to-person services are proven to meet today's challenging logistics requirements. DF Young paves the way for international shipments clear across continents, using the most sophisticated air, sea, and land transportation services available. Each move is backed by state-of-the-art technology and Internet access that span the globe.

Distribution Technology • www.distributiontechnology.com

For more than 30 years, Distribution Technology has built a tradition of logistics service excellence and reliability that meets and exceeds the needs of our customers. Through a combination of contract and public warehousing services, flexible freight management, sophisticated software technology, reverse logistics expertise, value-added packaging, and a dedicated organization, we provide you with a winning logistics supply chain partner. Consider us for your local, East Coast, or national coverage.

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!

Echo Global Logistics • www.echo.com

Echo Global Logistics is a leading provider of technology-enabled transportation and supply chain management services, delivered on a proprietary technology platform, serving the transportation and logistics needs of its clients. Echo's Web-based technology platform compiles and analyzes data from its network of more than 24,000 transportation providers to serve its clients' shipping and freight management needs. This year, Echo has procured transportation and provided logistics services for more than 22,700 clients across a wide range of industries, such as manufacturing, construction, consumer products, and retail. For more information on Echo, visit: www.echo.com.

Evans Distibution 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 Logistics • www.faclogistics.com

FAC 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.

GENCO ATC • www.genco.com

GENCO ATC provides third-party logistics for manufacturers, retailers, and U.S. government agencies. The company's supply chain solutions deliver initial and ongoing value by combining supply chain technology, industry-best experience, and lean Six Sigma philosophy into solutions that generate savings for clients.

Geodis Wilson • www.geodiswilson.com

With 5,500 people and a global network, Geodis Wilson is one of the world's largest freight management companies, serving customers with integrated supply chain solutions that deliver cargo by sea and air. The company's expertise, value-added services, and e-services enable you to streamline the flow of goods. We also make your supply chain more transparent and easier to manage. A self-reliant network of offices, and air and ocean hubs in more than 50 countries, ensures that your cargo flows efficiently and consistently across the world.

J.B. Hunt Transport Services, Inc. • www.jbhunt.com

J.B. Hunt Transport Services, Inc., one of the largest transportation logistics companies in North America, provides safe and reliable transportation services to a diverse group of customers throughout the continental United States, Canada, and Mexico. Utilizing an integrated, multimodal approach, J.B. Hunt provides capacity-oriented solutions centered on delivering customer value and industry-leading service.

Jacobson Companies • www.jacobsonco.com

Jacobson Companies is a leading third-party logistics company providing end-to-end supply chain solutions that include warehousing and distribution, contract packaging and manufacturing, freight management, customs brokerage, and international ocean and airfreight forwarding. Jacobson can offer expertise in a wide range of industry verticals including food and beverage, consumer packaged goods, chemicals, healthcare/life sciences, durable goods, consumer electronics, retail, and industrial/automotive. What can we do for you? Contact us at 800-636-6171 or visit our Web site at www.jacobsonco.com.

Johanson Transportation Service • www.johansontrans.com

Johanson Transportation Service (JTS) is a third-party logistics provider, NVOCC, and licensed ocean freight forwarder helping companies manage their supply chains with Justified Timely Solutions that exceed their unique business challenges. Providing unmatched service at a fair price, JTS offers customized freight solutions including: dry and temperature-controlled TL, LTL, ocean and air; rail/intermodal; and comprehensive importing/exporting solutions with one point of contact. JTS adds value with logistics management, consulting, and state-of-the-art technology systems with real-time online tools to facilitate seamless supply chain communications for its customers.

Kenco Logistic Services • www.kencogroup.com

Adding value to your bottom line? That's the mission of Kenco Logistic Services. For more than 50 years, Kenco Logistic Services has guided some of the most demanding supply chains in the world. Kenco's convergence approach can help you streamline your supply chain and bring a greater return on assets and investments. Kenco invites you to visit this Web site so that you might get to know its services. Then, contact Kenco so that you might truly understand its unique strategic advantages.

Landstar Systems Inc. • www.landstar.com

Landstar, a safety-first transportation services company, provides complete logistics services throughout the United States, Canada, and Mexico. Landstar's 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 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 the 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.

Logistics Management Solutions (LMS) • www.lmslogistics.com

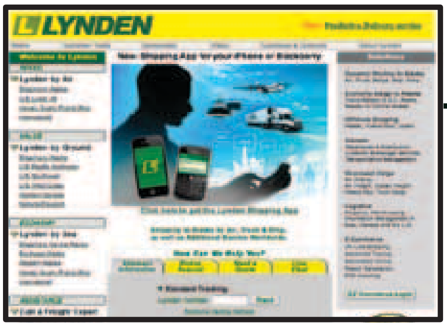
Logistics Management Solutions (LMS) offers TOTAL, a Web-enabled TMS that significantly reduces overall transportation costs, can be implemented – and producing results – within 90 days, offers a low-cost point of entry, and easily integrates into existing ERP systems. Many of our clients, including BASF and Monsanto, are using TOTAL to significantly cut their transportation costs. Contact us: 1-800-355-2153.

Logikor • www.logikor.com

From dedicated transportation, distribution/crossdocking, expedited freight management, and LTL to green supply chain design and supply chain consulting, Logikor does it all. Its business model is built on a foundation of productivity-enhancing standardization, robust IT platforms, and in-depth Toyota experience, offering high-quality results at very competitive rates for customers with solid strategic focus and a core belief in TPS and Lean.

LINC Logistics Company • www.4linc.com

LINC Logistics Company is a leading provider of custom-developed third-party logistics solutions that allow customers and clients to reduce costs and manage their global supply chains more efficiently. We offer a comprehensive suite of supply chain logistics services including value-added, transportation, and specialized services. Our services include crossdocks, consolidations, sequencing, subassembly, kitting, repacking, returnable container management, and much more.



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 Supply Chain Solutions • 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.

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.

Menlo Worldwide • www.menloworldwide.com

Some of the toughest, most complex logistics challenges in the world are met with customer-specific IT solutions engineered, installed, and managed by Menlo Worldwide. When it's time to cut waste and cost from your supply chain, think Menlo Worldwide. To learn more, visit us at www.menloworldwide.com.

MIQ Logistics • www2.miq.com

Built on the strength and success of YRC Logistics, MIQ Logistics helps optimize supply chains and improve overall business performance. The company's solutions help manage distribution and warehousing more efficiently, and simplify domestic and global transportation. Started in 2002, MIQ Logistics has locations in Asia, Europe, North America, and South America. Along with its global network partners, MIQ Logistics provides services in and between more than 80 countries supported by more than 5,000 in-country logistics professionals.

Nexus Distribution Corporation • www.nexusdistribution.com

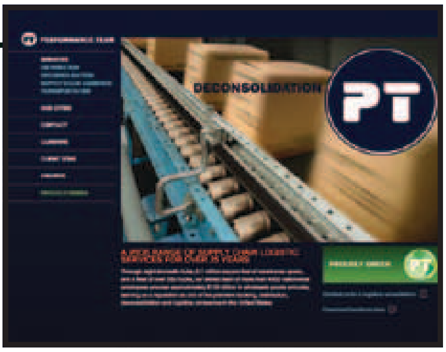
The most demanding customers will find solutions that meet their needs with Nexus Distribution, a third-party logistics provider specializing in full-service, client-specific solutions. Nexus' dedication to teamwork, technological advancement, and customer satisfaction – combined with a collaborative 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 • www.NFIindustries.com

Founded in 1932, NFI offers a variety of integrated supply chain services to help businesses manage, grow, and succeed in today's marketplace. The company is one of the largest privately held third-party logistics providers in North America. NFI divisions include Warehousing and Distribution, Logistics, Transportation, Intermodal, Canada, Real Estate, Contract Packaging, Transportation Brokerage, Trailer Leasing and Storage, Solar, Global and Consulting services. NFI is an EPA Smartway Transport and WasteWise Partner.

Performance Team • www.ptgt.net

Performance Team is the only thing that should come between your products and your customers. For nearly 25 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 eight domestic hubs, over 3.9 million square feet of warehouse space, and a fleet of more than 400 trucks, Performance Team's skilled team of 3,500 nationwide employees processes approximately $70 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.



Pilot Freight Services • www.pilotdelivers.com

Pilot Freight Services is a full-service transportation and logistics company with more than 75 locations throughout North America and a worldwide network of overseas agents, offering global coverage in more than 190 countries. As your transportation and logistics experts, we equip you with everything you need to move your cargo, delivering your shipments by air, land, and sea, anywhere in the world. To learn more, contact our 24/7 Customer Service Center at 1-800-HI-PILOT.

Port Jersey Logistics • www.portjersey.com

For more than 56 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.

Port Logistics Group, Inc. • www.portlogisticsgroup.com

Port Logistics Group (PLG) is a leading provider of supply chain logistics solutions with a strong presence in key port cities across the nation. Its integrated technologies and services enable you to optimize your supply chain capabilities, reduce costs, and deliver results that make your organization more competitive.

Purolator International • www.purolatorinternational.com

Purolator International is the U.S.-based freight forwarding subsidiary of Purolator Inc., Canada's leading overnight courier company. Purolator International specializes in air and surface forwarding of express, parcel, and freight shipments, with enhanced supply chain solutions to offer delivery to, from, and within Canada. Purolator International offers preferred access to an extensive distribution network in Canada, which includes 11,000 dedicated employees, the leading air fleet, and ground network with the most guaranteed delivery points in Canada.

IN THIS SECTION:

3PLs

RR Donnelley Logistics • www.rrd.com

3PL solutions backed by strength, support, and stability from a leading Fortune 250 company with more than 145 years servicing customers – that's what is behind RR Donnelley Logistics. We offer truckload, LTL, intermodal, same-day time-sensitive delivery, crossdocking/consolidation, and other logistics services including transportation assessment and consultation. Visit our Web site and contact us today to see why we are a different type of 3PL.

Regal Logistics • www.regallogistics.com

Regal Logistics has a proven track record of accuracy, speed, and service. With more than 40 years experience as a leading third-party logistics provider, Regal delivers innovative shipping solutions, state-of-the-art-systems, lower costs, and better results. When you choose Regal Logistics, you'll be in good company with many other successful businesses that have increased productivity and reduced costs by working with us. Doing third-party logistics more cost-efficiently and with better quality outcomes has made Regal Logistics an industry leader, and The Company You Turn to When You Want it Done Right the First Time.

Ruan Transport Corporation • www.ruan.com

Ruan is a single-source provider of dedicated contract carriage, logistics, and other integrated transportation services. We specialize in private fleet conversion. We have nearly 5,000 employees, 3,200 tractors, and 7,000 trailers at more than 230 operations nationwide. With Ruan, you get more than just drivers and equipment – we become an extension of your team, advocating for your bottom line. To find out how we can drive costs out of your supply chain, call 866-782-6669 or visit www.ruan.com.

Saddle Creek Corporation • www.saddlecrk.com

Saddle Creek Corporation is a nationwide third-party logistics company providing integrated logistics services – dedicated and shared warehousing, transportation, and contract packaging. Our turnkey logistics solutions can help you increase supply chain efficiency, streamline business, and manage costs.

SEKO Logistics • www.sekologistics.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.

Spartan Logistics • www.spartanwarehouse.com

Are you looking for a Midwest warehouse partner with a dedicated team of freight and transportation professionals? Spartan Logistics' locations and staff set it apart from competitors. Spartan provides asset-based storage, transportation, warehouse management services, and logistics support to ensure your inventory is shipped to the right locations on time at the lowest possible cost. Spartan Logistics has the experience, the locations, the equipment, and the knowledge to deliver world-class third-party logistics services. Contact us today to find out how we provide your company with supply chain solutions.

Strive Logistics • www.strivelogistics.com

Founded in 1993 as a local cartage and warehousing company, Strive Logistics has evolved into a premier multi-modal transportation provider servicing companies from the Fortune 500 to small emerging businesses throughout the world. Strive Logistics is a uniquely positioned transportation provider, combining the best practices and resources of a 3PL with an asset-based fleet. With both traditional and blended asset-based service offerings, customers have access to a wide array of solutions, no matter how complex the problem.

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.

IN THIS SECTION:

3PLs

TransGroup Worldwide Logistics • www.transgroup.com

www.transgroup.com provides comprehensive information about TransGroup Worldwide Logistics, including locations, services, and global transportation and logistics capabilities. Detailed information about TransGroup's Web-based logistics management tools is also provided, as well as customer log-in access and links to resources useful to shippers. To learn about TransGroup Worldwide Logistics, visit www.transgroup.com, or contact TransGroup at 800-444-0294, or by e-mail at info@transgroup.com.

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.

TTS • www.tts-us.com

Ready for a supplier that is in perfect alignment with your organization's business goals and equips you for success? TTS lives and breathes logistics and supply chain management. Its reputation is more than a legacy; it's the product of cutting-edge technology, paired with unique solutions for individual client challenges. It's the reason TTS agents experience such robust growth in their enterprises. The company has developed an agent-centric network that eats deadlines for breakfast and makes no excuses. Accountability for your business isn't a new idea, but with TTS you will experience it at a whole new level.

Tucker Company Worldwide • 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 Worldwide. Experiencing problems implementing an inbound freight management program? We get the job done, under budget and fully controlled. Tucker Company Worldwide operates one of America's oldest freight brokerages. 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.

UniGroup Worldwide UTS • www.ugwwlogistics.com

Looking for a full-service, third-party logistics provider (3PL)? You only need to make one call: UniGroup Worldwide-UTS Logistics. UniGroup Worldwide is a competitive, seamless, and flexible worldwide resource. Customers are provided custom-designed supply chain solutions that integrate transportation, warehousing, and installation through advanced technology and industry resources. Contact us today at 888-374-2371 or www.ugwwlogistics.com.

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.

Vantix Logistics • www.vantixlogistics.com

Vantix Logistics is a leading provider of supply chain logistics solutions. Our combination of comprehensive supply chain expertise; advanced, customizable technology; and superior carrier relationships enables us to deliver smarter logistics solutions for virtually any industry.

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.

Weber Logistics • www.weberdistribution.com

As a full-service, complete logistics provider, we are experts at non-asset freight management; asset-based LTL and TL services, including temperature-controlled; dedicated and shared warehousing; distribution; cross-docking/pool distribution; transloading; network optimization modeling and analysis; retail compliance; order fulfillment; material handling; supply chain management; real estate development; and personnel staffing. We have been in business for 85 years and specialize in working with importers; retailers; food, beverage, and CPG companies; and chemical and paper manufacturers.

Werner Enterprises, Inc. • www.werner.com

Werner Enterprises, Inc. 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., offering 24/7 service 365 days a year. Werner is among the five largest truckload carriers in the United States, with a portfolio of services that includes long-haul, regional and local van capacity, temperature-controlled, flatbed, dedicated, and expedited. Werners value-added services portfolio includes import and export freight management, PO and vendor management, truck brokerage, intermodal, load/mode and network optimization, and global visibility. Internationally, Werner provides freight forwarding and customs brokerage services, and is a licensed NVOCC.

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.

WSI (Warehouse Specialists Inc.) • www.wsinc.com

Reliability is everything. At WSI, that has 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.

AIR/EXPEDITED

AirNet • www.airnet.com

As the third-largest air cargo airline in the United States, AirNet is the leading provider of expedited and specialized transportation solutions. AirNet is proud to specialize in small package delivery, with flexible and secure handling and delivery options. Whether you need your shipment delivered overnight or within a matter of hours, our team is ready to meet your shipping needs. Our Solutions Specialists will work with you to customize a plan to get your package where it needs to be, when it needs to be there. Learn more about our small package air cargo services.

FREIGHT FORWARDERS

AIRSCHOTT, Inc. • www.airschott.com

AIRSCHOTT, Inc., founded in 1977, is involved in various aspects of international and domestic transportation. Our operating licenses and services include: Licensed Customs Broker (#7584), Air Freight Forwarder (CNS), Indirect Air Carrier (Consolidator), Duty Drawback Specialist, FMC Licensed OTI (#4399NF-Freight Forwarder and NVOCC), Insurance Broker (Marine & Bonds), Foreign Trade Zone Operator, and Trucker. We are C-TPAT certified and validated. We specialize in the handling of sensitive and "special needs" cargo, including time-sensitive shipments, perishables, hazmats, USML goods, oversized/overweight, and high-value merchandise.

FREIGHT MANAGEMENT

Rockfarm Logistics • www.rockfarmlogistics.com

Rockfarm Logistics is charting a new course for logistics providers today. Specializing in freight management services, our cost of services pricing model, coupled with our technology and account management platforms, enables our clients to gain ownership of their supply chain. Our philosophy encompasses three business principles: achieve total supply chain visibility for more effective business-based decisions, deliver a solution that meets the needs of each of our clients, and create long-term partnerships with our clients by exceeding expectations.

FREIGHT PAYMENT

CT Logistics • www.ctlogistics.com

CT Logistics can help you save money, no matter your company's size. For small and medium-sized shippers, CT Logistics offers its TranSaver shipper cooperative buying program. Larger shippers can simplify their freight spending with CT Logistics' exclusive FreitRater freight bill rating and processing system. And businesses of all sizes can benefit from AuditPay freight payment services. Add to these offerings a wealth of online collaboration and reporting tools, and it's easy to see why shippers have trusted CT Logistics with their freight payment needs for more than 86 years.

IN THIS SECTION:

Logistics IT – Warehousing

LOGISTICS IT

Dutycalc Data Systems • www.dutycalc.com

Drawback software and services from a drawback company makes good sense. Dutycalc's Drawback.NET software package is recognized as the number-one Drawback Management System nationally. More than 300 system users benefit from our 30-plus years of drawback expertise. Additional services offered include application prep, rulings, claims prep, ABI drawback claim filing, audit assistance, compliance assessment, and more. Whether your needs are software or services, Dutycalc is the logical choice. For a free online system demo, email info@dutycalc.com, or call 530-637-1006 (PST).

REAL ESTATE

CB Richard Ellis • www.cbre.com

CB Richard Ellis (CBRE) is the world's premier, full-service real estate services company. Whether it's a local, regional, national, or global assignment, CBRE helps clients make informed business decisions. CBRE's strengths, which it applies to every transaction, assignment,and client relationship, include an intimate knowledge of virtually every major market in the world and intellectual capital and technology resources that develop and deliver superior analytical, research, and client service tools. CBRE empowers its people and clients with the information they need to anticipate market opportunities, seize competitive advantages, and execute the best possible real estate strategies.

WAREHOUSING

Ryder • www.ryderscs.com

Ryder provides a complete array of leading-edge supply chain, warehousing, and transportation solutions for multiple industry sectors in North America, the United Kingdom, and Asia. Services range from developing supply chain strategies to managing and executing day-to-day logistics operations. Integrated solutions for optimizing and managing the flow of products, currency, and information all draw upon the company's expertise in supply chain management.

Spartan Logistics • www.spartanwarehouse.com

Are you looking for a Midwest warehouse partner with a dedicated team of freight and transportation professionals? Spartan Logistics' locations and staff set it apart from competitors. Spartan provides asset-based storage, transportation, warehouse management services, and logistics support to ensure your inventory is shipped to the right locations on time, at the lowest possible cost. Spartan Logistics has the experience, the locations, the equipment, and the knowledge to deliver world-class, third-party logistics services. Contact us today to find out how we provide your company with supply chain solutions.

TRANSPORT EQUIPMENT

Orbis Corporation

Available in 27- and 34-inch-high models, the HDMC4845 BulkPak container increases the amount of usable space in truck trailers and shipping containers, and reduces container weight. Both models are compatible with other 48" x 45" plastic pallets and bulk containers, and can be used with mixed loads of totes and pallets. The containers stack securely when full and collapse when empty for reduced return transportation costs and condensed storage.

www.bulkpak.com 888-307-2185

▲ Materials Handling: Dematic

The RapidPick System, a new goods-to-person solution for split-case order fulfillment, delivers items to an operator in a configuration that allows pick rates of up to 1,000 line items per operator, per hour. The system promotes high pick accuracy by presenting only one SKU to the operator at a time, in the desired sequence, and accommodates a variety of tote and carton sizes. Its modular mechanized components include replenishment and pick stations, racking, and an inventory staging buffer module. Companion software manages SKU inventory and replenishment, and directs the order fulfillment process, including monitoring operators.

www.dematic.us/rapidpick 877-725-7500

OCEAN

CMA CGM

A new weekly service connects Asia, Fiji Islands, and New Zealand. Deploying seven 1,800-TEU vessels, the service offers transit times of 17 days between Shanghai and Auckland, and 16 days between Tauranga and Port Kelang. Other ports on the route include Chiwan, Pusan, Suva, Port Chalmers, Lyttelton, Tauranga, and Noumea.

www.cma-cgm.com 757-961-2100

EXPEDITED

DHL

A new dedicated Boeing 747-400F next-day service connects the DHL Cincinnati hub with the Bahrain and Hong Kong hubs, providing additional cargo capacity of 80 tons. The direct U.S.-Bahrain flight shortens delivery times for DHL customers by as much as one full day for shipments from the United States to Afghanistan, Bahrain, Iraq, Kuwait, Qatar, and Saudi Arabia. The flight connecting Bahrain to Hong Kong provides shippers a later pick-up time out of Hong Kong and the Pearl River Delta for overnight service to North America on the new flight's final leg from Hong Kong to Cincinnati.

www.dhl-usa.com 800-CALL-DHL

UPS

UPS increased its cargo capacity by more than 50 percent on 19 weekly flights into Central and South America, replacing a Boeing 757 narrow-body aircraft with a new, larger B-767 wide-body freighter. The flights originate from UPS's Americas hub in Miami and operate into Quito and

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Materials Handling: Kardex Remstar

Comprised of an enclosed system of vertically arranged trays, an extraction platform, and a series of computerized controls that delivers items to an ergonomically positioned workstation, the Element Vertical Lift Module automatically locates and retrieves stored items. To increase storage density, upon putaway the system scans the stored product's height in the tray, then compresses the space between trays to use the minimum amount of space required.

www.kardexremstar.com 800-639-5805

Guayaquil, Ecuador; Bogota, Colombia; Panama City, Panama; Guatemala City, Guatemala; and Managua, Nicaragua.

www.ups.com 800-PICK-UPS

PACKAGING

GaleWrap

The GW-4100 Robot Pallet Wrapper with height-adjustable mast handles up to 37 pallets per hour and accommodates loads up to 6-feet, 11-inches high. Features include a fully automated wrap-up/down cycle, built-in film cutter for safety at completion of the wrap cycle, push/pull emergency stop button, simplified control panel functions, and a safety contact edge. The carriage is optimized for GaleWrap film, and tension adjusts electronically from the control panel.

www.galewrap.com 866-425-3727

SOFTWARE

GreenRoad

Enhancements to the *GreenRoad 360* fleet driver performance and safety management solution include a posted speed performance tool that automatically records when a vehicle is traveling above the posted speed limit; maps that report idling hot spots across specific geographies and routes; and expanded data integration with partner and customer systems.

www.greenroad.com 888-658-4420

INSIGHT

Insight Transportation Optimizer (ITO) simulates daily supply chain operations to help manage transportation costs. *ITO* processes a simulated daily stream of customer orders, generating an optimal transportation dispatch plan that analyzes variables such as consolidation opportunities, carrier and equipment selection, and routing. The tool then summarizes the benefits and associated costs of a given set of transportation policy options. *ITO* can run alone or accept data feeds from INSIGHT's strategic supply chain planning solutions.

www.insight-mss.com	703-366-3061

Kewill

Kewill Export creates, manages, and distributes export documentation. With extensive trade document content and connectivity to major customs agencies, *Kewill Export* minimizes the need for manual intervention, while integrating with existing ERP systems and business processes. The solution helps companies reduce human errors, gain efficiencies by automating the documentation process, and reduce supply chain risk by increasing compliance.

www.kewill.com	877-872-2379

▶ Materials Handling: Mitsubishi Forklift Trucks

Mitsubishi Forklift Trucks added the 3,000- to 3,500-pound capacity Heavy-Duty Electric Walkie Straddle Stacker to its North American product line. The new PWT15 and PWT18 walkie stacker models feature an AC-powered drive motor and electric power-steering option. The stacker can be powered up using a key or with an optional keyless access pad, and an optional auto shutdown feature powers the forklift down after a set period of inactivity to conserve energy.

www.mit-lift.com	888-MIT-LIFT

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TRUCKING

Old Dominion Freight Line

OD Expo Services, a customized offering for companies that ship booths and materials to trade shows and expos, is now available through Old Dominion's nationwide network of 213 service centers. The carrier provides online tracking and tracing, and monitors shipments 24/7. The new service can be coupled with Old Dominion's expedited or security divider services.

www.odfl.com	800-432-6335

Roadrunner Transportation Systems

A new terminal, New York Metro (NYM), offers outbound less-than-truckload (LTL) service from New York and New Jersey. NYM provides shippers from the New York and New Jersey areas outbound LTL services to Illinois through Texas and every state west of the Mississippi River.

www.rrts.com	414-615-1500

MOBILE DEVICES & APPS

Newcastle Systems

For efficient inventory management and other warehouse, distribution center, and retail/manufacturing facility tasks, the PC Series Mobile Powered Workstation supplies on-board power to run a computer, printer, and other devices simultaneously. With six-inch rubber swivel casters and no cord trailing behind, the workstation can be rolled and positioned into place. The unit's rechargeable battery offers integrated power for up to 12 hours of normal use, and all models have a 500-pound load capacity.

www.newcastlesys.com	781-935-3450

Xata

The *Xata Turnpike* fleet management and compliance solution is now available for the Google Android mobile device operating system. The solution helps fleet managers and drivers meet established and emerging electronic onboard recorder regulations.

www.xata.com	800-745-9282

Honeywell

The Voyager 1250g single-line laser scanner features a multi-interface design that incorporates automatic interface detection for simplified implementation. Designed for use in scan-intensive environments, such as warehousing and distribution facilities, the extended depth of field offered by the Voyager 1250g is ideal for scanning items that are just out of reach, such as products on top of an overhead storage rack.

www.honeywell.com	877-841-2840

Echo Global Logistics

The new EchoTrak Mobile app allows supply chain managers to easily track shipments while on the go, using Apple iOS and Google Android platforms. Shippers can securely log in to their existing account and receive access to custom ratings of U.S., Canada, and Mexico lanes; select from multiple carriers, rates, and transit times; save load specifications; and track in-transit, booked, and delivered loads.

www.echo.com	866-845-3909

Damco

A new app, available for iPhone, iPad, Android, and Blackberry, allows shippers to track ocean freight shipments. The company also plans to make airfreight tracking available through the app.

www.damco.com	973-514-5126

AIR

Southwest Airlines Cargo

Southwest added new nonstop service to and from Newark Liberty International Airport, N.J. Three daily flights serve Baltimore and Denver, and two daily flights serve Houston and Phoenix.

www.swacargo.com	800-533-1222

WAREHOUSE EQUIPMENT

TKO Dock Doors

TKO's new visibility panel–comprising one quarter of the dock door area or more–allows sunlight entry and provides visibility to monitor truck traffic. The 1.75-inch panel consists of a double section of polycarbonate, bonded to

▲ **Ocean: Mitsui O.S.K. Lines Ltd. (MOL)**

MOL upgraded its Asia-East Coast South America Service, launching 10 new 5,600-TEU containerships, including the *MOL Garland* (*pictured*), and replacing the current vessels. The ships feature a new wide-beam and shallow-draft design that provides high loading capacity and compatibility with shallow-draft ports in South America, as well as superior fuel efficiency.

www.molpower.com	630-812-3700

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an extra-strong tubular frame to help withstand lift truck collisions while sealing doorways to control energy loss.

http://tkodoors.4frontes.com	877-408-6788

3PLs

Pacer Distribution Services

Pacer Distribution Services expanded its operations to the Seattle area, leasing space in Sumner, Wash. The facility offers warehousing, transloading, and trucking services.

www.pacer.com	888-722-7404

Geodis Wilson

A 91,500-square-foot distribution center in Jebel Ali South, within the free zone of Dubai, provides a full range of supply chain solutions, including warehousing services, inventory management, labeling, bar-coding, packing pouches, blisters, vendor management, and domestic and cross-border distribution. The new facility offers four adjustable loading bays, 1,500 sprinklers for fire protection, ambient and temperature-controlled accommodation, configurable racking up to an eaves height of 42 feet, and a warehouse management system configured for local operating requirements.

www.geodiswilson.com	732-362-0600

Panalpina

The new 40,000-square-foot Huntsville Logistics Center, strategically located next to Panalpina's hub in Huntsville, Ala., provides complete kitting and parts assembly for high-tech manufacturers. The facility also offers temperature-controlled storage areas for shippers in the pharmaceutical and chemical industries.

www.panalpina.com	256-774-0120

Port Jersey Logistics

Port Jersey Logistics launched a less-than-truckload freight consolidation/pool distribution program to New England through its Continental Logistics division. The company offers scheduled departures from its Tyler Distribution warehouse in New Jersey to all points in New England. Consignee orders travel north together before being separated and delivered independently. Port Jersey plans to add regions throughout the year, with a goal of providing a national consolidation program by early 2012.

www.portjersey.com	609-860-1010

Agility

Weekly scheduled airfreight service directly connects key origins in China via Shanghai to Kaunas, Lithuania, to move goods from China into the rapidly growing markets of Northern Europe, the Nordics, Russia, and the Baltics. Using a 107-ton-capacity freighter, the new service allows shippers faster access to these markets with Expedited and Premier airfreight

▲ Transport Equipment: Paylode

Made of durable, precision-formed, recycled, reusable plastic, Paylode's new dunnage products are designed to replace corrugated cardboard and wooden dunnage traditionally used to protect loads and ensure compliance to bridge laws. The product line includes bulkhead spacers, separator pads, void panels, lateral void fillers, and plastic boards, for use in truck, rail, and intermodal shipments.

www.paylode.com	877-421-2914

Mobile Devices & Apps: Panasonic

Upgrades to the Toughbook C1 convertible tablet computer provide 30 percent faster processing than the previous model, as well as increased RAM and hard drive capacity, and extended battery life. Suitable for use in warehouse, distribution, and transportation applications, the Toughbook C1 offers embedded wireless technologies, including Wi-Fi, Bluetooth 2.1, optional GPS receiver, and optional Gobi2000 3G mobile broadband technology from Qualcomm.

www.panasonic.com 877-803-8492

products offering reduced transit times of between one and four days, depending on destination. Shippers can also load cargo for delivery over the weekend. The service forms part of a comprehensive logistics offering featuring additional supply chain solutions: pick-up and warehousing in China, customs clearance in Kaunas, and warehousing in Lithuania.

www.agilitylogistics.com 714-617-6300

Meritor Aftermarket Services

Launched in North America, with intentions to expand globally over the next several years, Meritor Aftermarket Services offers logistics competencies including packaging and kitting, material planning, warehousing, distribution, customer support, and consulting services.

www.meritor.com 248-670-5736

APL Logistics

APL Logistics deployed a fleet of 53-foot containers in the North American domestic intermodal market. The new additions supplement containers provided by APL Logistics' railroad partners, giving it access to a larger pool of equipment for reliable freight deployment within North America.

www.apllogistics.com 602-586-4800

CALENDAR

August 29-31, 2011, Supply Chain Leadership Forum, Orlando, Fla. Tompkins Supply Chain Consortium presents this forum, which includes a kickoff event focusing on top trends impacting the supply chain; an audience response-driven survey on peak-season planning and execution; and educational and networking sessions on topics such as supply chain uncertainty, tax-efficient supply chain management, and transportation regulations.

919-855-5424

www.supplychainconsortium.com

September 11-15, 2011, American Association of Port Authorities 100th Annual Convention, Seattle, Wash. Through technical and policy committee meetings, business sessions, and networking opportunities, port professionals and others in the marine transportation industry explore the latest global economy trends and expectations, the need for infrastructure investment, and how shippers, carriers, service providers, and the local community can help green the supply chain.

877-795-2481

www.aapa2011.org

September 12-16, 2011, Achieving Supply Chain Transformation, University Park, Pa. Participants in this program at Penn State's Smeal College of Business learn how best-in-class companies adapt their supply chains to improve competitive position and shareholder value. Discover how to optimize three critical metrics–profit margin, cash-to-cash cycle time, and customer response time–while identifying supply chain capabilities to take advantage of.

814-865-3435

www.smeal.psu.edu

October 6, 2011, Southeast Freight Conference, Memphis, Tenn. Sponsored by the Memphis World Trade Club, this event addresses the global supply chain's vital connection to the southeastern United States and its developing infrastructure. Session topics include the region's economic and trade outlook; issues affecting rail carriers in the Southeast; import/export concerns of shippers in the region; and coastal and inland port activity.

206-324-5644

www.southeastfreightconference.com

RESOURCE CENTER

07.11

INBOUND LOGISTICS WORKS FOR YOU!

3PLs

- **3PD Inc.** pg. 13
  3PD Inc. helps you cut costs without compromising customer service and trim last-mile expenses without sacrificing delivery excellence.
  www.3pd.com 866-373-7874

- **A&R Logistics** pg. 43
  A&R Logistics provides the chemical industry with best-in-class service throughout the supply chain.
  www.arlogistics.net 800-542-8058

- **Access America Transport** pg. 157
  Access America Transport's solutions include third-party logistics, over-the-road contract, consolidation, and retail delivery, using a network of more than 18,000 carriers throughout North America.
  www.accessamericatransport.com 866-466-1671

- **ADS Logistic Services** pg. 87
  ADS' state-of-the-art technology makes it an award-winning 3PL. Get acquainted with ADS' customized distribution and fulfillment services.
  www.adslp.com 877-ADS-1330

- **AFN** pg. 202
  AFN offers logistics solutions to drive business forward. As your strategic partner, AFN keeps goods moving with customized solutions to meet your specific supply chain needs – every time.
  www.thebestwayeveryday.com 866-7MOVE-IT

- **Americold** pg. 59
  Move your temperature-controlled shipments and reach new markets easily and affordably with Americold. Americold's coast-to-coast service gives you greater efficiency and economy.
  americoldrealty.com/inboundlogistics 888-808-4877

- **APL Logistics** pg. 177
  APL Logistics works one-on-one with your company to find a warehousing and distribution solution that improves inventory management, reduces operations costs, and shortens order cycle times.
  www.apllogistics.com 602-586-4800

- **Aspen** pg. 253
  Looking for best-in-class logistics solutions? Aspen offers what you need. From warehousing to transportation to value-added services, Aspen can help.
  www.aspenlogistics.com 800-741-7360

- **Bender Group** pg. 245
  Bender Group provides intelligent logistics solutions, including warehouse design, transportation, and consulting.
  www.bendergroup.com 800-621-9402

- **Big Dog Logistics** pg. 120
  Let Big Dog Logistics' fully integrated global logistics services be the watchdog for your bottom line.
  www.bigdoglogistics.com 866-745-5534

- **Bilkays Express** pg. 255
  Bilkays Express blends warehousing, inventory control, and the latest technology with transportation efficiency for a winning combination.
  www.bilkays.com 800-526-4006

- **BNSF Logistics** pg. 26
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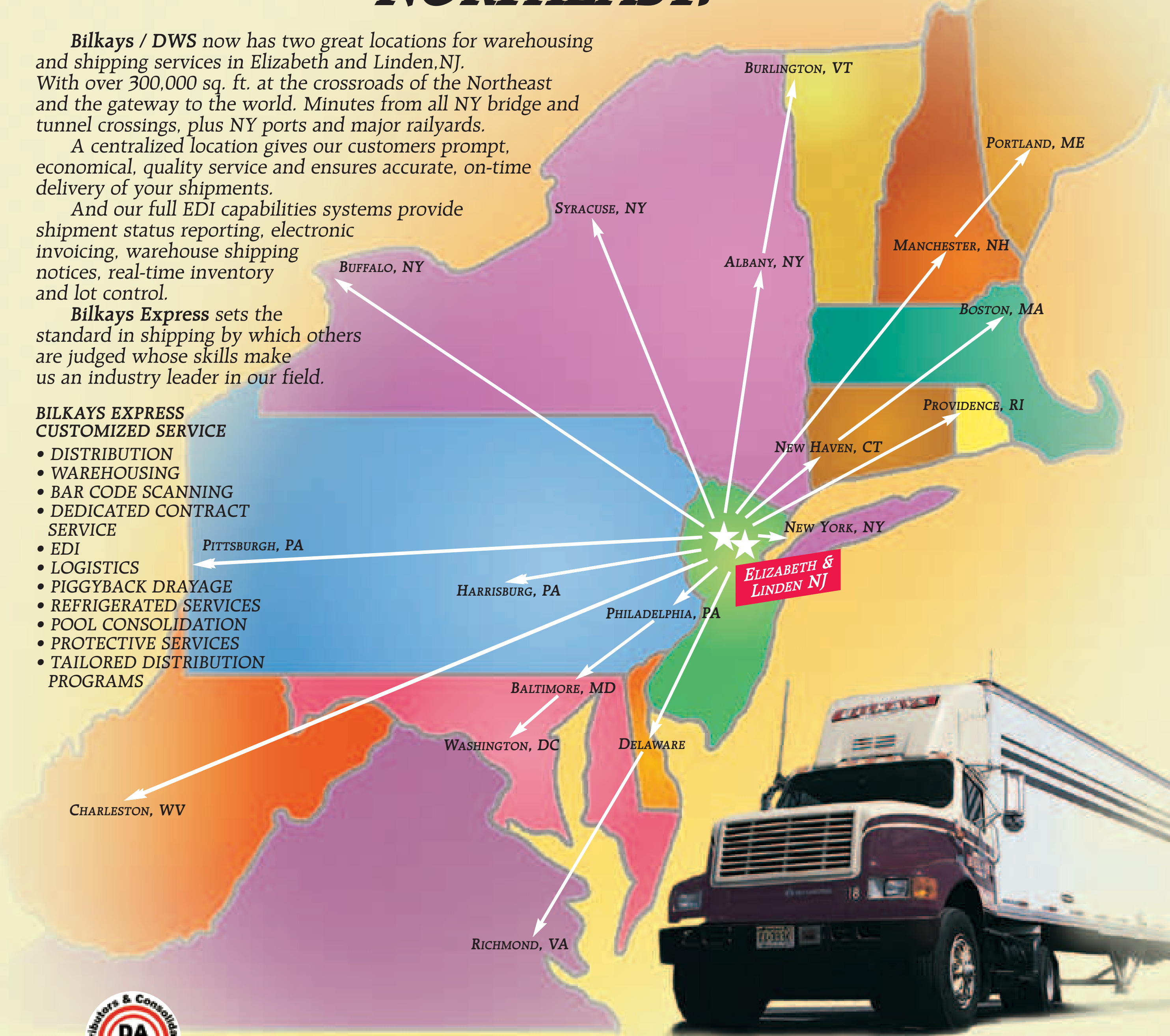

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THE LAST MILE

How Logistics Helped Win America's Freedom

As Americans celebrated Independence Day in July, it's unlikely that many were thinking of Great Britain's Revolutionary War supply chain challenges. Yet the shortcomings of the British logistics system significantly contributed to the country losing the rebelling colonies. Here are just a few British obstacles that helped tip the war in America's favor.

Distance

The voyage from the British military's primary food-loading port in Cork, Ireland, to America was long and dangerous. In the best of circumstances, the lead time for the nearly 3,000-mile journey approached 40 days.

Inclement weather

Gale force winds and skyscraper-like swells contributed to the loss of ships and their valuable cargo. During foul weather, British vessels were forced to turn back to England, divert to the Caribbean, or sail up and down the Eastern Seaboard waiting for the weather to break – while their cargoes sat rotting.

Supply spoilage

The long, rough, damp sea journey was harsh on the British food supply. Produce and grain frequently spoiled by the end of the trip, and the barrels containing food supplies were often too weakened to contain their contents on the wagon journey overland to troops. In one 1775 convoy, five ships departed Cork with 7,000 barrels of flour; 5,000 were condemned on arrival in Boston. Instead of surviving on that shipment for five months as planned, British troops consumed it in only 47 days.

Cost

Once cargo arrived in the colonies, British soldiers relied on horse transportation to ship goods to the front lines. The estimated total cost of land transport from 1777 to 1782 was equivalent to $25,665,520 per year in today's dollars.

Volume

At the height of the conflict, the British army supported 92,000 troops overseas. The resources needed to supply these men would put pressure even on today's most efficient supply chain.

- 460,000 Redcoat uniforms
- 41,975,000 loaves of bread
- 92,000 rifles and blankets
- 95,680,000 pounds of firewood
- 805,920,000 pints of spruce beer

Adapted from material provided by Derby Supply Chain Solutions
www.derbyllc.com/how-logistics-helped-gain-americas-freedom