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INSIGHT

8 CHECKING IN WITH THE PUBLISHER
Still pushing your customers around?

10 CHECKING IN WITH THE EDITOR
Staying cool this summer.

12 DIALOG
The ongoing conversation.

14 GOOD QUESTION
How would you describe your job to a five-year-old?

16 10 TIPS
Using social media to empower your supply chain.

18 LEADERSHIP
Meet Kane Is Able CEO Mike Gardner.

48 BALANCING INVENTORY FOR A BETTER CUSTOMER EXPERIENCE
Thought Leaders sponsored by GENCO, a FedEx Company.

3PL LINE
How to stand out from the crowd.

52 GREEN LANDSCAPE
How to be fashionably green.

54 IT MATTERS
Supply chain execs shift focus from sustenance to survival.

56 RISKS AND REWARDS
Who are you doing business with?

INPRACTICE

20 READER PROFILE
Diandra Hayban: Keeping New York City Prepared
Diandra Hayban, logistics shelter support program manager at NYC Emergency Management, gets supplies to people when they need them most.

233 TOOLKIT
Delivery App Perks Up Coffee Sales
A new mobile app stimulates a coffee merchant’s retail sales and logistics processes.

237 CASEBOOK
Making Scents of Demand Planning
Bedoukian Research juggles small batch production with intermittent demand by getting smart.

241 E-TALES
Girl Scout Cookie Sales Go Digital and Milk E-Commerce Innovation
A fully baked logistics and mobile order solution brings Girl Scout cookie sales into the 21st century.

INDOORLOGISTICS

73 SPONSORED CONTENT
KnowledgeBase
Knowledge is power. Logistics KnowledgeBase gives you a data boost and the information you need to drive transformative change.

91 SPONSORED CONTENT
Cross-Border Trade is on a Roll
U.S.-Canada trade will continue to be a mutually beneficial partnership, as long as shippers keep their eye on the ball.

Port Halifax Pivotal to Cross-Border Trade
Page 91

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Young Leaders Share Secrets to Success
When it comes to bringing a fresh perspective to the supply chain, age is just a number.

Navigating the Customs Labyrinth
Complying with the Customs rules and regulations governing imports may feel like you’re caught in endless twists and turns. Here’s how to master the maze.

Healthcare Logistics: Filling a New Prescription for Supply Chain Improvement
Healthcare organizations suffering from high costs and inefficiencies find relief by improving supply chain and distribution processes. The prognosis? Improved patient care and lower healthcare costs.

The Ice Cream Supply Chain
From flavor variations to temperature monitoring, when it comes to delivering this sweet treat, ice cream companies have it down cold.

6 Technologies Guaranteed to Disrupt Your Supply Chain
As innovative technological solutions continue to shake up logistics, managing the supply chain is no longer business as usual.

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Brexit shakes up global supply chain; Amazon invests $3 billion in India; Hyperloop targets Russia as site for science fiction-like transit tube; Proper trade compliance training can save millions and help avoid jail time; Update on the latest container rates.

Inbound Logistics’ annual market research report explores how providers and shippers are adapting to change, and pushing the outsourcing needle in new directions.

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INBOUND LOGISTICS PLANNER APP

How the Panama Canal Expansion Will Shake Up U.S. Shipping

Nerijus Poskus, Director of Pricing and Procurement, Flexport

The Panama Canal expansion, completed on June 26, 2016, will have an ever-widening impact on cargo flow across North America. Here’s how the culmination of this decade-long expansion project will rewrite the rules of shipping.

Enterprise Technology Freight Train Finally Reaches Logistics Sector

Eytan Buchman, Head of Marketing, Freightos

Increased funding, bigger ideas, and changing mindsets set the stage for the explosive growth of enterprise technology. Four logistics startup founders share their thoughts on the drivers of the enterprise technology renaissance.

How Real-Time Information Can Transform Your Supply Chain

Tom Collins, Vice President of Supply Chain Planning, ModusLink

Enhancing supply chains with real-time visibility gives shippers the insight and details they need to operate quickly, accurately, and more effectively than ever before. Discover the benefits of real-time supply chain visibility.

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Still Pushing Your Customers Around?

Inbound Logistics published its first healthcare logistics article back in 1994. That article revealed several important reasons for companies to move to demand-driven logistics, even those not in the healthcare value chain.

Hillarycare was introduced the year before that article ran. My opinion then was, “Fine, look at Hillarycare, but first cut costs and boost patient care by better matching supply to the demands of patients and practitioners.” The article profiled St. Luke’s Roosevelt Hospital as a case study and detailed how, with the help of a 3PL, the hospital took control over the flow of inbound products, slashing waste, saving time and money, and, most importantly, providing better patient care. That was more than 20 years ago, and would be considered a simple logistics program by today’s standards.

Now, with the crush of new pressures on the American healthcare system, where are more stakeholders turning for solace? To supply chain excellence and inbound logistics (see Filling a New Prescription for Supply Chain Improvement, page 118). They’re moving away from the idea of “pushing” and toward developing closer relationships with vendors; using IT to share information, gain visibility, and match demand to supply; and partnering with 3PLs who have the skills, knowledge base, and culture to accomplish that.

I recently visited a UPS Supply Chain facility designed to serve healthcare customers. I saw and heard their demands for fulfillment speed, accuracy, and efficiency. “It’s not a package, it’s a patient,” is the UPS mantra at that DC.

The practice of letting the demand point drive the process is not only accelerating in the healthcare sector. As research in this issue indicates (see 3PL Perspectives, page 159), enterprises across the United States and around the globe are realizing that demand-driven logistics practices play a crucial role in business success in an increasingly complex world. Of the thousands of shippers providing data for this year’s Perspectives market study, 55 percent report cutting transport costs as a major challenge. Their second greatest logistics challenge (32 percent) is business process improvement. Using logistics to improve overall business process? Yep. Coming in a strong third in shipper concerns is improving service to customers. Only one logistics approach can help with all three challenges. Throw in reducing inventory and supporting infrastructure, advancing the order-to-cash cycle, being lean enough to guard against market dips, and fully profiting from market spikes by staying flexible and scalable.

Sure, pushing product at customers works. But finding a way to let your customers pull product through you just works better.

Although many of you know that a demand-driven logistics approach would work in your company, some are still acquiescent and continue to push product at customers, hoping for the best. Yes, it is easier to push rather than pull. Yes, many of you are tasked with a specific function and don’t have the juice to morph company policy to better align supply with demand. Still others are prospering and see little need to upset the company applecart if all is going smoothly. And perhaps others think your business is not a fit for inbound logistics. That may be true. But a hospital is not the first place that comes to mind when thinking about improving logistics, is it?

If you have read this far, you may think that I have a point. Maybe, just maybe, using the best logistics IT available, and partnering with world-class carriers and 3PLs with the skills, knowledge, and reach, can help you find a better way. If that is true, then perhaps the supply chain success sagas found in this issue, and elsewhere, will push you to take the first step.
The critical need to efficiently manage productivity is as old as the business of logistics. But what’s new is the ability to help employees and managers monitor and maximize performance on the spot. Using mobile technology throughout our network, DSC is developing a series of apps that provide real-time visibility to productivity metrics, empowering individuals and leaders to use dynamic data and business intelligence to drive better results.

Our Performance Optimization apps empower teams by providing real-time visibility

Innovation and Leadership in Labor Management
Jim Chamberlain, DSC’s Senior Director, Industrial Engineering & Continual Improvement, leads the team responsible for engineering innovations. He recently was named Chair for the JDA Warehouse Labor Management Special Interest Group.
6 Cool Things I Learned Editing This Issue

This summer is a scorcher here in New York. Luckily, this issue is chock full of cool things. Here are a few of my favorites:

1. We asked logistics and supply chain professionals to explain what they do in terms a five-year-old would appreciate. You’ll find their way-cool answers on page 14.

2. Like baseball, logistics is a game of inches (see Project Logistics, page 202). Check out what happened when Westinghouse Electric Co.’s logistics team had to navigate a precarious stretch of a railroad track that bent around a warehouse. It was transporting a gigantic steam generator that threatened to hit the warehouse on that bend. The solution? Tear down the wall! Even then, the oversized cargo cleared the warehouse by only two inches.

3. Sometimes it comes down to inches, but logistics is about playing the long game. That same Westinghouse Electric logistics team had five years to move two steam generators 150 miles from the Port of Charleston to a nuclear generating station near Jenkinsville, S.C. It needed every one of those 1,800-plus days to plan and complete the journey, which ended up requiring them to rebuild a too-narrow bridge, lower a railroad bed, and break down more walls.

4. Ice cream makers (see page 128) are venturing far from plain vanilla solutions to lick supply chain complexity. For example, Salt & Straw changes the menu at its stores every four weeks, continually introducing unique and unexpected ice cream flavors (two scoops of wasabi, anyone?). To get such diverse products churning through its supply chain, Salt & Straw blends local sourcing with advance planning.

5. Another sweet logistics solution is Penske Logistics’ non-stop support of Ford’s aluminum recycling program (see page 36). Working with aluminum supplier Novelis, Penske runs a 24/7 trucking operation to make sure aluminum coil and scrap constantly flows to both automaker and supplier for this unique closed-loop cycle. It’s sustainability on multiple levels—materials, manufacturing, and even driver retention. And the supply chain drives it all.

6. Technology continues to be a supply chain differentiator (see page 159). As cloud networks and IoT connect even more nodes in the value chain, shippers stand to gain unprecedented visibility. And this is where a 3PL relationship leaves its mark. As hundreds of shippers told us, best-in-class technology makes their 3PLs extra cool.

Anything cool going on in your supply chain this summer? Drop me an email at editor@inboundlogistics.com and share the chill!
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**EXCHANGE**

**Good Question: What Fictional Character Would Make a Great Logisticalian?**

_Inbound Logistics_ readers list superheroes and memorable characters from TV shows and explain how they would master the supply chain.

_bit.ly/greatlogisticians_

**Mark Hopkins**

_Batman. He has skill and vehicles for air, road, and sea. He has a command center in place and a customer spotlight-based helpline. He uses the right mode to get to the problem quickly and address it with the right tools._

**READER EMAIL**

_G75: Inbound Logistics’ 75 Green Supply Chain Partners bit.ly/2016G75_

_Three Keys to Solving the Dimensional Weight Shipping Problem bit.ly/3keystoDIM_

**G75 Exchange**

_G75: Inbound Logistics’ 75 Green Supply Chain Partners bit.ly/2016G75_

_You guys put together an impressive list of top companies making a difference on the environmental front. Congratulations!_

_Greg Thompson_

_Principal, MissingWordSolutions.com_

_We appreciate your feedback. Please email comments (editorial@inboundlogistics.com) or tweet @ILMagazine._

**HASH IT OUT**

**@ILMagazine**

_IoT will make the current supply chain a thing of the past. These experts plug you in to the latest IoT know-how._

_bit.ly/IoTsupplychain_

_H Mahmassani @b_rational_

_Hype and more hype—big data is transformative, but not disruptive._

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**LeaderSHIP: AGT Founder and CEO Angela Eliacostas bit.ly/AGTCEO**

**SOUNDBITE**

_The debut of the expanded Panama Canal marks a fundamental shift in the shipment of Asian goods to the Eastern United States. The short term won’t bring massive, game-changing gains for East Coast ports because much of that repositioning already occurred in recent years. But it will shift U.S. cargo delivery from slightly favoring the West Coast to a more even split between the two coasts._

—from _David Egan_, Head of Industrial & Logistics Research, Americas, CBRE Group

**HOT TOPICS | IL articles getting the most impressions on LinkedIn:**

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How would you describe your job to a five-year-old?

Comments from LinkedIn

You know how you come to me when you need help tying your shoelaces? My job is to help companies understand why they should come to us when they need help running their business.

Jan McCormick Jr.
Marketing Director, Bonded Logistics
I put puzzles together!

Melissa Hoobler
Warehouse Supervisor, Electrolux Major Appliances

I hold things for companies and then when people buy them, I send it to them.

Tracey Warzel
General Manager, North Coast Logistics

I talk on the phone a lot to companies with trucks. I help them figure out the best trucks to use and the fastest way to (safely!) drive them so people like your parents can get the things they want on time, like a new TV, kitchen table, or PlayStation game for you.

Paul Johnson
VP, Global Solutions Consulting Descartes

Imagine using your iPad to talk to other people in the world who are buying your favorite toy. My job is to let you talk about your toy constantly and if you had a problem, ask them how to get it fixed.

Tania Seary
Founding Chairman, Procurious

My job is to help people find, pick up, and move boxes.

Eric Allais
President and CEO
PathGuide Technologies, Inc.

We move everything but people.

Brandon Stallard
CEO, TPS Logistics

Imagine that all the yummy snack food you like to eat is being made and kept in different places all over the country. I call the people who make the snacks and ask when it is ready and then take it to the grocery store where you can buy it. I get the person who is driving with the snacks ready with all the right information. I then call and make sure someone will be at the grocery store ready to put the snacks on the shelves. I do all of this as fast as I can to make sure the snacks you want are always in the store where you’re shopping.

Samantha Wickman
Logistics Consultant
Zipline Logistics

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Using Social Media To Empower Your Supply Chain

Social media benefits supply chain management in many ways. Through their social channels, companies enhance communication with customers, generate demand, reduce operating costs, mitigate risk, increase productivity, and gain marketplace intelligence. Companies that aren’t active on social media are at a disadvantage because most of their customers, suppliers, and competitors are.

Ready to leverage social media to empower your supply chain? Here’s some advice from Ed Rusch, vice president of global marketing at Philadelphia-based supply chain operating network provider Elemica.

1. **Be more competitive.** Using social media, businesses can collectively sense and properly respond to supply and demand changes in the market. Move beyond your own four walls and focus more on the needs of customers, suppliers, and logistics providers.

2. **Broadcast shipment delays.** Social media networks allow shippers and carriers to communicate effectively and to alert customers of delays quickly and in real time.

3. **Discover new business partners.** Use a supply chain operating network with social media extensions. This enables you to search the network by equipment type, geography, material, and capacity. It also allows you to solicit participants on the network for suggestions.

4. **Gain visibility.** Increase transparency across the entire supply chain to better understand where to source raw materials through enhanced partner discovery strategies, and with risk management or business expansion goals in mind.

5. **Conduct research.** Check the reputation of vendors and potential supply chain partners by capturing customer experiences of other users across social networks.

6. **Take charge.** Be proactive instead of reactive to quickly and intelligently respond to market volatility, and gain more flexibility to meet the specific needs of individual customers.

7. **Become better acquainted.** Tap into social media to get to know customers and partners more intimately. Building that relationship increases effectiveness and retention, and promotes cross-sell opportunities.

8. **Rethink processes.** Change can come from any level of an organization, not just from the top down. One person’s social media post can generate massive change. For example, a customer service rep can post an experience or comment that will implement changes across the entire organization.

9. **Collaborate.** Social media lets you join forces on a larger scale than traditional communication methods such as email or phone. The larger the network, the more value the platform provides to people who are attached.

10. **Utilize network-based business analytics.** These tools enable businesses to know not only how they are doing based on their metrics, but also how they are doing compared to others in the industry.
THE WRONG PART CHANGES EVERYTHING.

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Build a Great Team, Then Get Out of Their Way

MIKE GARDNER PUT HIMSELF through college working as a chef in a four-star Italian-American restaurant. But he hadn’t decided on a long-term career when he entered Miami University in Oxford, Ohio. Then he took a class in physical distribution management with professor Thomas Speh, and lightning struck.

“That class ignited my passion for what’s now known as supply chain management,” Gardner says. “I was intrigued by the science behind it. It fascinated me that you can apply analytics and statistics to a mundane process that most people don’t even think about—bringing us all the goods we buy.”

Until his death in April 2016, Speh remained an important friend and mentor, and that class helped launch Gardner on his career path.

That path took its latest turn after Gardner retired from an executive position at Exel Logistics (now DHL Supply Chain Management). He planned to do some teaching, but then got a call from the Kane family, owners of Kane Is Able, a large, asset-based third-party logistics service provider based in Scranton, Pa. The Kanes wanted Gardner to become the company’s president and chief executive officer. Gardner assumed the post in January 2015.

Inbound Logistics recently spoke with Gardner about his leadership priorities and some of the more striking aspects of his work.

II. When you arrived at Kane Is Able in 2015, what was your first order of business?

One thing I’ve learned in my career is that when you start a new assignment, you need to take a deep breath and say, ‘There’s no agenda for 90 days.’ Exel had competed against Kane, so I knew of the business, but I didn’t know it from the inside. I needed to meet the team, so I visited all 26 of our operations. I met with customers, many of whom I’d worked with over the years, because I’ve been in the industry a long time, and we all tend to move around.

We conducted a customer survey to establish benchmark metrics, and did what we call a culture survey, to find out how our associates were doing. The data we collected in those surveys identified which issues to attack. There’s no sense trying to effect change if you don’t know what you’re trying to change.

II. What’s the biggest challenge your customers face these days, and how is Kane helping them deal with it?

It’s the same challenge that companies have faced throughout my entire career—the cost/service tradeoff. Everybody wants things faster and cheaper. Today, because of Amazon’s influence, the drive for better service is even more intensive. Everyone asks, ‘Can you do it for me cheaper?’ It helps that Kane has a large truck fleet,
and that we offer flexibility through both dedicated and shared-use facilities.

**IL:** How would you describe your leadership style?

I believe in building a great team and then getting out of their way. I’m paid to help set the company’s strategic direction, interface with customers, and grow this business. I’m not the CIO, or CFO, or human resources lead. I need to let those people, and other team members, do what they do best.

Over time, I’ve gotten pretty good at selecting great talent, helping to develop them, and providing opportunities. While everyone makes an occasional hiring mistake, the key is to act quickly—put the person in a different role or tell them they need to do something else. Over time, you learn what good looks like.

**IL:** What other lessons have you learned that have helped shape you as a leader?

I’ve learned that it’s not about me. During my second week at Kane, we held our annual management meeting. At the kickoff dinner, everyone was excited to meet the new CEO. But by day 2, they were still deferring to me. I said, ‘Look, it’s not about me. It’s about our teams—our drivers, our lift operators—who provide service for our customers. Quit talking about me and asking what I think.’ Other people could do my job, or any job. The key is to do the best you can, but don’t get overly focused on yourself.

**IL:** What was the strangest assignment to ever come your way?

When I was working at Exel/DHL, I got a call from a personal acquaintance, Thomas Dillon, president of Thomas Aquinas College in Santa Paula, Calif. Dr. Dillon, who has since passed away, told me, ‘We’re building a new chapel, and I want to ship the cornerstone to Rome, have it blessed by Pope Benedict, and then ship it back here and have it installed.’ I said, ‘Sure.’ Then I hung up the phone, put my head on my desk, and said, ‘You’ve got to be kidding me!’

But we did it. We trucked the 748-pound piece of limestone, quarried in Bloomington, Ind., to Chicago and flew it to Rome. I was there when the Pope blessed it, right after a Wednesday audience. Then we flew it from Rome to Los Angeles, and trucked it up to Santa Paula for the installation.

**IL:** What’s the most fun and exciting part of your job?

Engaging with associates and customers. We hold celebrations throughout the year for our associates, and everyone gets involved. For example, as part of Driver Appreciation Week at our headquarters in August 2015, we brought in a dunking booth. People paid to dunk a manager, and we donated 100 percent of the proceeds to Pelotonia, a bicycle tour that raises money for cancer research. The Kane family matched every dollar we raised. I was first in the dunking booth, and former board member Chris Kane went second, followed by all the distribution center managers. When the manager of DC 3 on our Scranton campus stepped up, 35 of his first-shift associates came to put him in the water. My administrative assistant couldn’t throw the softball hard enough to knock me in, so she just ran up and pulled the lever. We had a great time.

**LOGISTICS TO THE RESCUE**

Having seen the distribution problems that plagued relief efforts after Hurricane Katrina in 2005, a group of logistics leaders came together to form the American Logistics Aid Network (ALAN). Their goal was to coordinate the efforts of logistics operations so they could send help, quickly and efficiently, in the wake of future disasters.

Mike Gardner has participated in ALAN for several years, and in 2016 he joined its board. One aid effort that got his support was a response to the April 2016 earthquake in Ecuador.

“We did some work out of a number of Kane operations, including the one where we serve Kimberly-Clark in the Chicago area,” Gardner says. “Kimberly-Clark provided great support. We palletized and bundled their donations, and United Airlines donated some air cargo space. They flew the cargo to Miami and then down to Ecuador.”

ALAN members also pooled resources to truck bottled water to residents of Flint, Mich., when lead contamination was detected in the local water supply. “If every company gives five trucks, it’s much better than asking one to provide 10 or 20 truckloads,” Gardner says. “It’s just a matter of using our various contacts, and everybody giving a little bit to help solve a problem.”

July 2016 • Inbound Logistics 19
Diandra Hayban: Keeping New York City Prepared

I've always been interested in public service and find a great sense of accomplishment in helping people during some of the hardest moments of their lives.

I'm also a planner and logistician at heart. I plan all the time, from family vacations to outings with friends. This field also allows me to foster my love for spreadsheets and developing strategies. It's like building a new puzzle every day.

One part of my job is managing the stockpiles of supplies that are used to help shelter New York City residents during emergencies. I work with our third-party logistics provider to develop plans for getting supplies where they're needed in an emergency. We have two main supply stockpiles. They're on opposite sides of New York, making it possible to approach the city with supplies from separate directions.

New York is a unique city. It has a population of about 8.4 million, but many don't have cars they could use in an evacuation. The city has identified approximately 500 facilities, mostly schools, that can serve as shelters for New Yorkers who may seek accommodations during a coastal storm emergency.

I was hired by NYC Emergency Management to work on post-Hurricane Sandy recovery efforts. In the days leading up to the hurricane, the city opened approximately 80 shelters. Our team coordinated efforts to replenish supplies at each shelter, and to scale down resources prior to the shelters' ultimate close.

After Hurricanes Irene and Sandy, the team worked to boost the efficiency of deploying the stockpiles. We assessed every shelter to determine its size and capacity, the number of loading docks, hundreds of facilities, I hope I can figure out how to get myself to all seven.

If you could have dinner with any two people, who would they be? Madeleine Albright and Beyoncé. It would be awesome.

What's your mantra? Don't be afraid of failing. When you do fail, pick yourself up.
and even the sizes of the doors. We try to predetermine what supplies, and how many, we’ll send to each facility.

We make it easy for shelter managers to identify the items they’re receiving and how to use them. To streamline this process, we created a catalog of items in the stockpiles. Today, an employee at the command center can tell a shelter manager, “You’re getting this box, and these are the supplies in it.”

In addition, we’ve worked to integrate the stockpile with other emergency support programs, such as our Commodity Distribution Point (CDP) program. If a disaster limits a community’s ability to access essential supplies, we can open the CDP to provide meals, water, and other supplies to residents.

One of our biggest accomplishments has been formalizing our donation program. We have always strived to donate soon-to-expire supplies from the stockpile, but now we’ve formalized the process. I work with a network of area agencies and non-profits to ensure all stockpile products that are nearing their expiration dates, but still have at least three months of shelf life, go to people in need.

While there are always unknowns, I try to create plans for any scenario and think through the steps needed to get supplies to the community. I aim for easily executed, well-tested plans that are flexible enough to meet the needs of the community during any emergency.
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WHAT YOU WILL SEE:
- Increased Supply Chain Transparency and Visibility
- Reduced Transportation and Inventory Costs
- Increased Communication
- Mitigated Risk
NOTED
THE SUPPLY CHAIN IN BRIEF

GOOD WORKS

Arpin International Group donated freight forwarding services for the 2016 Wayne Gretzky Ice Classic. Held in Australia, the game raises awareness and funds for the Stop Concussions Foundation, in association with Brain Injury Australia. Former European and NHL hockey players founded the Stop Concussions Foundation, a not-for-profit concussion and neurotrauma awareness platform.

SEALED DEALS

Vista Outdoor, a manufacturer of sports and recreation products, chose Logility Voyager Solutions to increase visibility across its global supply chain and provide the technology foundation for its sales and operations planning process. Software developer Logility’s supply chain optimization technology replaced several legacy systems that weren’t able to keep up with the manufacturer’s growth.

XPO Logistics renewed its contract with packaging company Sealed Air Corporation to provide warehousing and distribution services in the United Kingdom. XPO Logistics manages Sealed Air’s logistics operations in the UK, including warehousing finished goods, distributing both packed and bulk products nationally, and providing cross-dock distribution to the Republic of Ireland.

UP THE CHAIN

Auto parts maker Bridgestone appointed Luis Solana vice president for logistics and supply chain management in the Americas. He was tapped to drive business growth across the Americas, as well as enhance the company’s distribution model globally.

Independent insurance agency Assurance appointed Chris Reardon vice president. In his new role, Reardon is charged with providing business insurance solutions to transportation, logistics, and warehousing companies, and building Assurance’s transportation practice from the ground up.

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July 2016 • Inbound Logistics 23
The Supply Chain in Brief

Green Seeds

Six state departments of transportation and the Federal Highway Administration signed a memorandum of agreement to increase habitats for pollinating insects along I-35, a major transportation corridor that runs from northern Minnesota to Texas. The corridor lies in the Monarch butterflies’ migration path between the northern United States and Mexico, and will also serve to boost the declining bee population.

Up the Chain

Innophos, an international producer of performance-critical and nutritional specialty ingredients, appointed Amy Hartzell as vice president, supply chain and purchasing. In this role, Hartzell focuses on moving Innophos toward better supply chain visibility and lean manufacturing.

Bill Campbell was appointed corporate senior vice president of global supply chain and inventory management at Ralph Lauren. Campbell, who spent 11 years at Amazon in various distribution and logistics leadership roles, begins his new appointment at the fashion retailer in October 2016.

Hans Melotte was named executive vice president of global supply chain for Starbucks Corp. Melotte is responsible for end-to-end supply chain operations globally, including sourcing and supplier relationships, distribution, planning, commercialization, transportation, and store delivery in more than 70 countries for the global coffee chain.

m&aa

Warehousing and logistics provider SSI Schaefer Group purchased a majority stake in German robotics specialist ROB-ER. The partnership with the robot manufacturer increases SSI’s level of expertise in robotics, and paves the way for the two companies to develop new automation solutions.

Sealed Deals

Appliance manufacturer Miele extended its contract with supply chain management services provider CEVA Logistics for another five years. CEVA provides Miele with white-glove home delivery service and back-office services, including booking more than 1,000 deliveries per week.

Rust-Oleum, a manufacturer of specialty paints and coatings, selected 3PL provider Transplace to manage cross-border transportation services between the United States and Canada. Rust-Oleum leverages Transplace’s transportation management services and logistics technology to improve operational efficiencies and reduce transportation costs.

Craft brewery Cigar City Brewing selected the Brewers’ Edge commerce platform from HighJump, a provider of supply chain management solutions. In addition to managing its beer club, the brewery also utilizes the platform to automate online merchandise sales and distributors’ orders in a separate portal.

Wholesale grocery cooperative Affiliated Foods Midwest implemented iGPS Logistics’ pallet management solution at its Kenosha, Wis., facility. iGPS Logistics pools 48-inch x 40-inch plastic pallets to help boost efficiencies and reduce transportation costs and product damage.

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SHOVEL READY

Dermody Properties, a national industrial acquisition, development, and operating firm, broke ground on a 225,972-square-foot industrial facility, known as LogistiCenter at 167, in Fife, Wash. LogistiCenter at 167 is suited for distribution operations because of its location 1.7 miles from interstate 5 and the port of Tacoma, the largest deepwater port in Washington.

Stirling Capital Investments secured full lease-up of its new 447,740-square-foot industrial Southern California Logistics Centre (SCLC), a 2,500-acre commercial and industrial complex in Victorville, Calif. The pre-leasing of the facility highlights the growing demand for manufacturing and distribution space in the Inland Empire High Desert region. Companies that will lease manufacturing or distribution space at Global Access Victorville include Boeing, Dr. Pepper Snapple, Exel Logistics, FedEx, General Electric, Pratt & Whitney, and Red Bull. In the beginning phases of construction, the SCLC is entitled for 60 million square feet of development.

SEALED DEALS

The Glenmore Distillery opened a new distribution center featuring warehouse automation technology from Westfalia Technologies, a provider of logistics solutions for plants, warehouses, and distribution centers. The 223,000-square-foot facility in Owensboro, Ky., uses Westfalia’s automated storage and retrieval system and the Savanna.NET warehouse execution system to store, retrieve, and manage pallets of finished goods.

Tradepoint Atlantic, a 3,100-acre multi-modal industrial site in Baltimore, signed a deal with Pasha Automotive Services, a subsidiary of global logistics and transportation company The Pasha Group, to launch automobile processing operations. In July 2016, the terminal began hosting a roll-on/roll-off operation for imported automobiles, beginning with Fiat Chrysler.

Mercury Marine, a marine engine manufacturer, deployed Foreign-Trade Zone (FTZ) software from Amber Road, a provider of global trade management solutions. Mercury Marine uses the solution to manage FTZ operations at its new distribution center in St. Louis.

THE SUPPLY CHAIN IN BRIEF

Walmart México y Centroamerica named 3PL Yusen Logistics its 2015 Cargo Consolidation Business Partner of the Year. This marks the fourth year in a row that Yusen Logistics has received the award for its origin cargo management services.

Global logistics provider Agility won BMW’s Gold Award for excellence in warehousing and distribution for work at a distribution center in Mumbai. The Mumbai regional distribution center handles all BMW after-sale logistics in India, including inbound and outbound distribution by road and air.

Dollar General named Averitt Express its LTL Carrier of the Year. The retailer recognized Averitt on several criteria, including overall value and on-time service, which were rated at nearly 99 percent.

Crown Equipment won its third International Forklift Truck of the Year (iFOY) award for the Crown RT 4000 Series rider pallet truck in the Warehouse Trucks Lowlifter category. An independent panel of trade journalists selects iFOY winners each year, and chose the truck for its ability to maneuver in tight spaces.

Dayton Freight Lines, a provider of regional LTL transportation services, won the 2015 LTL Carrier of the Year Award from Penske Logistics. The award is for Dayton Freight’s work with Dana Holding Corporation in the on-time pickup and delivery, communications, and EDI compliance categories.

ABF Freight driver Loren Hatfield (left) was named the 2015 Driver of the Year by the Arkansas Trucking Association. Hatfield has been driving for 25 years, logging more than 2 million miles without an accident.
We have distribution space of all sizes throughout our portfolio. If you have a requirement, we should talk.

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It’s transition time for the supply chain and logistics sector. New technologies are on the horizon, but aren’t here yet. Old ways of doing things are being slowly phased out as new ways phase in. Decades-old trade barriers are breaking down, opening new markets to the world. The way consumers shop is in flux, and their shipping expectations are becoming more expensive for carriers. Greener energies are incrementally replacing coal. In a few short years, we’ve gone from oil shortages to a global market saturated in oil.

With so much up in the air, it’s hard for companies to know how to proceed. But to look forward, we have to sometimes look behind us. That’s why the Council of Supply Chain Management Professionals (CSCMP) and Penske Logistics annually examine the trends of the year behind us to help determine where we should go in the years ahead.

At the end of June 2016, CSCMP and Penske Logistics released the 27th annual State of Logistics report, titled *Logistics in Transition: New Drivers at the Wheel*, which addresses all of the above issues. This year’s report has a new author as well: consulting firm A.T. Kearney.

The Economy Looks Pretty Good
The global economy grew in 2015 by about 2.8 percent, and the U.S. economy was close behind at 2.4 percent, according to the
International Monetary Fund (IMF). The IMF expects similar growth over the next two years.

In particular, the dollar looks better than it has in some time, rising 23 percent between July 2014 and December 2015, according to the Federal Reserve. A 3.2-percent rise in consumer spending and a stronger housing market are other notable indicators of a healthy American economy.

Still, things are far from perfect, and shippers need to watch some issues closely moving forward. Total business logistics costs rose 2.6 percent over 2014, to $1.48 trillion, representing a large slowdown from prior years. The strength of consumer spending would normally create higher demand for logistics services, but that hasn’t been the case either. Average inventory rose by only 0.25 percent, which some fear is an indicator of another economic crash. More likely, and supported by the positive numbers of the Cass Freight Index in early 2016, among other sources, this stat is just an indicator of a correction after inventory steadily rose by more than 5 percent between 2009 and 2014, the report says.

A risk of further labor issues also looms. The strong housing market, while mostly good for business, creates competition in the labor force. In addition, tensions still run high at West Coast ports, and another strike could have a big economic impact on the supply chain as it has in years past. More trouble at West Coast ports could also shift demand between U.S. coasts now that the expanded Panama Canal is open for business.

American Infrastructure Is Still Terrible

The Fixing America’s Surface Transportation (FAST) Act provided a big sticky Band-Aid for American infrastructure, but it won’t be enough. The FAST Act grants $305 billion to critical transportation projects through 2020, but the American Society of Civil Engineers (ASCE) estimates more than $2 trillion in repairs to surface transportation infrastructure will be necessary between now and 2025, according to CSCMP’s report.

While some critical highway projects will get the money they have long needed, with 90 percent of FAST Act funds going to the Federal Highway Administration, rail, port, and intermodal projects will be left in the dust. The 10 percent allotted for these other projects won’t cover much. Unless Congress finds the money, the will, and the bipartisan support to tackle this problem, it seems likely that failing infrastructure will plague the American logistics sector for a long time to come.

Every Mode Has Its Thorn

Trucking racked up $583 billion in revenues in 2015, according to the report. On the surface, that dollar amount makes it seem like things are going pretty stellar for trucking, but that isn’t necessarily the case.

Rates finally fell in 2015 due to overcapacity issues, after several years of upward trends. They started low in January 2015 and only got progressively lower as the year went on. This stopped many carriers from buying new equipment and expanding fleet sizes.

And even if they could have expanded, there’s nobody to drive the new trucks.
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Thank you to our loyal customers and carriers and the readers of Inbound Logistics for once again naming Unyson a Top 3PL.
Tightening safety regulations mean drivers can work fewer hours and new drivers face tougher standards to get licensed. This puts even greater stress on a labor pool that’s already stretched far beyond its capacity. Trucking companies have been forced to increase wages by at least 2 percent annually, cutting into their own bottom lines, as they poach drivers from each other. But without a new influx of drivers into the labor pool, the issue will get worse before it gets better.

Rail has its own positives and negatives. Natural gas overtook coal-powered energy as the largest producer of electricity in the United States, contributing to a 14-percent decline in coal traffic by rail. An oversaturated oil market has seen less oil moving by rail as well, possibly due to increased pipeline investment in the United States.

The rail industry saw a total decline of 2.5 percent in volume in 2015. Rail has relied steadily on intermodal traffic for growth in recent years, but even that stalled out in 2015 as the trucking capacity crisis eased up and shippers moved their goods back to the highway.

Meanwhile, airfreight carriers still can’t get their overcapacity problem under control. Both passenger and cargo airlines added capacity in 2015 despite a weak recovery in demand for air cargo services. The good news for air carriers is that many U.S. companies rely on air transport for high-value goods as a critical part of their supply chain, especially for international imports and exports. So even with depressed demand, certain shipments will always require the expediency only air travel can provide.

Maritime shipping also suffers from an overcapacity problem. Ocean carriers keep buying larger ships to increase their TEU capacity in the face of declining demand trends, and that results in excellent rates for U.S. bulk and container shippers.

Despite service interruptions in 2015 due to labor problems, California’s Long Beach and Los Angeles ports continue to be the highest-volume container ports in the United States. Whether that will shift with further labor problems and the opening of the widened Panama Canal remains to be seen.

Driving Down the Road

Technological advances, macroeconomic uncertainty, consumer buying trends, and new regulations leave the future of logistics difficult to predict. With so much in flux, CSCMP and Penske Logistics predict four scenarios to begin a dialogue about what can happen moving forward.

Scenario 1. A technology-friendly environment, complete with regulators...
who understand the technologies’ limits and possibilities. Driverless vehicles stop the driver shortage. The Internet of Things connects every step of the supply chain to provide maximum efficiency.

■ Scenario 2. Operational constraints, the driver shortage, and fuel prices spiral out of control while regulations restrict new technologies that could make things simpler. Only easily implemented technologies succeed, and only in the hands of those who can afford their high cost.

■ Scenario 3. Things stay basically the same. Transportation and warehousing technologies are slowly implemented over a long period of time. Facility locations remain central or local to keep costs down.

■ Scenario 4. Stringent regulations drive up supply costs, translating to higher consumer costs in a market where competitors are all essentially the same.

The idea behind these four scenarios is not that anything is certain, but to begin a conversation about what each instance would mean for various industries and companies. Supply chain professionals must look at each scenario and plan for what their company would do should that environment, or some form of it, arise in the next decade. Being prepared for all situations can help ensure stability and growth, even in the most uncertain of times.

CONTAINER TRAFFIC AT MAJOR WEST & EAST COAST PORTS

Labor issues at West Coast container ports disrupted service in 2015, drove volumes to other ports, and altered seasonal patterns.

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Source: CSCMP’s Annual State of Logistics Report
Do Higher Truckload Rates Drive Better Carrier Performance?

Transportation rates are an ongoing issue for shippers and carriers. Shippers feel pressure to reduce costs while carriers want to be paid fairly.

C.H. Robinson, in conjunction with MIT’s Center for Transportation & Logistics, and TMC, a division of C.H. Robinson, explored the relationship between higher truckload transportation rates per mile and better on-time performance and load tender acceptance from carriers. The research reveals three insights:

1. Paying more does not directly result in better on-time pickup (OTP) or on-time delivery (OTD) percentage.

   The survey finds no significant relationship between OTP and freight rates. And while rates impact OTD more than OTP, the relationship is weak.

   There is a meaningful decrease in OTD when shippers pay below market rates. For example, a $50 drop below market rate leads to an OTD performance below 40 percent. A rate of $20 below market results in 40 percent to 70 percent OTD.

2. Paying significantly above market price does not provide notable improvements in OTD.

   The research suggests that there is almost no additional cost to reach the 90+ percent OTD range. Shippers who pay market price have OTD between 70 and 80 percent, and those who charge less have an OTD below 70 percent. A possible hypothesis may be that when faced with more loaded trailers than drivers, carriers might choose the higher-paying load as first priority to assign a driver.

3. The survey finds no correlation between acceptance ratios and carrier pricing in a lane.

   Carriers increasingly pursue freight consistency. When shippers offer consistent load volumes, the tender acceptance ratios of truckload carriers rise. However, if a shipper is highly inconsistent in a lane over the course of one year, research suggests they will pay up to $170 more per load. Those with highest demand consistency tend to pay a slight premium of $10 per load. A possible reason could be a correlation between very high-volume lanes and available capacity that must be repositioned to meet the demand.

   Predictable demand affords carriers greater opportunity to optimize their networks. Third-party logistics (3PL) providers also benefit from predictability, as their carriers are then able to commit volume aligned with their networks. When shippers stay engaged with carriers and 3PLs, their plan has more elasticity and they are able to respond to demand fluctuations. Instead of using a primary carrier and a backup, this research supports using a ratio tendering strategy, which awards loads to a group of carriers.

   The research also reveals additional on-time performance relationships, though they may not be the relationships you would expect. First, the survey finds that 80 percent of loads that pick up late deliver on time (see chart above). External factors such as weather, traffic, and equipment breakdowns impact the actual time it takes to drive from Point A to Point B.

   However, there is often a buffer of time built in between the required pickup and delivery. Carriers use that buffer of time to maximize their Hours of Service (HOS), and some choose to be late at pickup so that they can match the HOS and distance with delivery schedules in order to increase efficiency.

   According to the survey, 50 percent of loads delivered late also picked up late. This illustrates that there is still value for shippers and transportation providers to work together to get loads out on time. To identify problem areas, shippers can conduct a lane-level analysis to identify patterns in carrier and location performance, or times of day for pickup and delivery. This may reveal not an extensive issue, but rather a specific problem that the shipper can address to improve performance.

   The research also suggests two action items for shippers. First, find the right carrier. Second, monitor performance for on-time delivery. To find the best carrier, look for those whose service and network

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—Steve Raetz, Director, Research and Market Intelligence, C.H. Robinson
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Logistics Solution Closes the Loop on Aluminum Recycling

A unique supply chain developed by Ford Motor Company—along with aluminum supplier Novelis and third-party logistics provider Penske Logistics—allows the automaker to recoup some aluminum costs by selling scrap back to its suppliers, and then reusing it.

The cost savings allow Ford to manufacture its new F-150 pickup truck using lightweight aluminum instead of steel for its body panels. The truck is 700 pounds lighter than standard models, and more fuel efficient to meet government requirements.

“This strategy enables Ford to deliver quality, fuel-efficient, and smartly designed vehicles that are affordable to the masses,” says Kelli Felker, manufacturing and labor communications manager at Ford.

Penske crafted a custom logistics solution to provide trucking and logistics service non-stop. The loop starts when Penske Logistics picks up freshly recycled aluminum coil from the Novelis aluminum recycling plant in Oswego, N.Y., and delivers it to Ford’s Dearborn, Mich., stamping plant, which provides parts to build F-150 pickup trucks at Ford’s Dearborn and Kansas City assembly plants. “We build the Super Duty truck in our Louisville plant, and the F-150 pickup in Dearborn and Kansas City,” Felker says.

“Our trucking operation runs 24/7 and we make frequent deliveries around the clock to ensure the continuous flow of aluminum coil and scrap to both Ford and Novelis,” explains Jeff Bullard, senior vice president of operations, central region with Penske Logistics. “The looping process ensures quality control and continuous high-volume production.”

To support the operation, some 200 Penske Logistics drivers live near Ford’s Dearborn stamping plant and the Oswego recycling plant. Penske Logistics and Novelis customized unique universal trailers to serve a closed-loop aluminum supply chain that feeds the stamping needs of Ford’s production of the F-150 and new Super Duty trucks.

This pool of drivers takes turns hauling their loads until they meet at a fixed, centralized point where they swap trucks, return to their respective cities, and go home at night after the shift ends.

“It’s about 430 miles from Oswego to Dearborn, so that relay point allows the driver to get there and back in one day,” says Bullard. “This process also helps with retention, because it provides drivers with a better quality of life.”

Penske Logistics uses electronic logs to track driver hours and comply with Hours of Service regulations. “In the event a driver runs out of hours, we have procedures in place to ensure that the driver takes the required rest break and that the load reaches its intended destination,” explains Bullard.

To provide Ford with the recycled aluminum the automaker needs, Novelis and Penske Logistics developed customized semi-trucks and unique universal trailers that haul both the aluminum coils and the scrap.

“Everything from the truck all the way through to the trailer and its tarping system on top was specifically engineered for this closed-loop recycling program,” Bullard says. “None of it is standard. We have been in production and prototyping since 2012 to build a universal trailer and tarp system that would be applicable to Ford’s operation.”

Meanwhile, the custom equipment that Penske Logistics uses for driving and delivery allows for specialized hauling and heavier loads. “We have roughly 200 trailers and 50 tractors in service,” he adds.

Going Green

Not only does Ford’s recycling program save money, it also ensures a more sustainable supply chain, by putting a lighter and more eco-friendly pickup truck on the road.

As attention to sustainability grows, so does the popularity of aluminum because it is infinitely recyclable, avoids 95 percent of greenhouse gas emissions, and uses less energy and water, according to Automotive Science Group.

“We’ve broken the material up into a 5000 series, which is a magnesium-aluminum-containing alloy, and a 6000 series alloy, which is made of a little more copper,” says Sil Colalancia, director of recycling for Novelis North America. “Ford uses these alloys to make various parts of its vehicles.”

These parts include structural pieces as well as add-on components such as car doors, hoods, cargo beds, roofs, and tailgates.

With a 330-pound weight savings over the 2016 model, the 2017 Super Duty is...
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second only to the F-150 pickup in the amount of aluminum built into a vehicle to date.

“Light weighting is aligned with our sustainability strategy to improve fuel economy and reduce emissions,” Felker says.

The 2015 Ford F-150 truck was the first pickup with a body and cargo bed made of aluminum. Previously, the F-150 was made of steel.

Opting for aluminum over steel in new automobile construction is the best way to reduce energy consumption and carbon emissions, according to Oak Ridge National Lab.

“We saved as much as 700 pounds through the use of advanced materials on the 2015 F-150 compared with the 2014 F-150,” says Felker.

Ford will begin rolling out 2017 Super Duty trucks later in 2016.

“We reinvested additional weight savings everywhere it counts, including in a heavier-duty fully boxed frame, axles, suspension, and towing hardware, as well as stronger components that support better towing and payload capability,” Felker says.

Novelis provides aluminum products for more than 180 vehicle models on the road today. Over the past five years, the aluminum rolling and recycling company has invested more than $400 million in infrastructure improvements in Oswego and is an example of how sustainable manufacturing practices can work well together with excellent supply chain processes.

— Juliette Fairley
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UK Voters: See EU Later

The British exit, or Brexit, referendum by the population of the United Kingdom to leave the European Union (EU) has already had some impact on the supply chain, and will likely have much more in the coming months. The dust is still settling after the narrow 51-percent victory, but as the UK moves toward independence, supply chain managers need to be prepared for how this might affect their businesses and suppliers.

Within hours of the final vote count, the British pound plunged to its lowest level since 1985. Futures across European and American markets took a serious dive. But these reactions were based mostly on panic, and came prematurely. The country won’t leave the European Union overnight, or even within weeks, and likely not even within the next year. It’s possible that all the uncertainty on the horizon could drive the UK into a recession, but for the short term, things should be business as usual.

There’s still time to take precautions, so there’s no need to panic. A country that wants to leave the EU has up to two years to negotiate the terms of release, according to Article 50 of the Treaty on European Union, and it’s likely that the two parties will use that entire period to negotiate the best deal possible. Until those terms are set on paper, the long-term effects for British and European markets remain up in the air.

Still, that doesn’t mean supply chain stakeholders should sit on their hands. Start playing the long game where you can. Here are some problems that companies can begin preparing for now so you aren’t caught off guard:

■ Labor issues. Many UK workers come from the European continent. Without the free movement that is typically granted between EU member states, the United Kingdom may find itself suddenly short a significant number of workers. Companies may want to begin looking at technology solutions that would help offset the impact of a labor shortage.

■ Dual-source. It remains to be seen how the changing UK-EU relations will affect trade between the countries. There’s bound to be some bad blood for a while once the separation happens, so manufacturers that source from the other side of the English Channel should start lining up back-up suppliers in areas less affected by Brexit, such as the Americas or Asia.

■ Impact on vendors. Remember that Brexit affects an entire continent, so don’t operate in a silo. Speak to your vendors and make sure that whatever disruptions Brexit causes for them don’t have a secondary impact on you.

■ Increased costs. Automation, better compensation packages to compete for
labor, new tariffs and taxes caused by the loss of free trade agreements, and increased business travel costs between the UK and EU are on the short list of items to be financially prepared for. Plan ahead to make sure your company doesn’t come up short of funds when you need them the most.

The British exit from the European Union will have ripple effects for years to come, and until more information becomes available, those effects will be hard to predict. There's a lot of uncertainty ahead, and companies in both the United Kingdom and the European Union might take a few hits they weren’t expecting. But good planning and risk management programs implemented now can offset a great deal of problems in the future.

For businesses that are prepared, Brexit is completely survivable.

Hyperloop One plans to develop a new high-speed transportation system using electric propulsion. It recently tested the system in the desert near Las Vegas.

Hyperloop: Science Fiction And Reality Meet in Russia

If there's one thing to be said about Los Angeles-based startup Hyperloop One, it's that it doesn't think small. After a successful 100-yard test run of its technology in May 2016, the company signed a memorandum of understanding with Russian transportation infrastructure specialist Summa Group to begin researching the possibility of installing its Hyperloop in Russia.

So what is a Hyperloop? In short, the technology uses a vacuum-sealed tube rather than a road or track. Within the tube, cargo or passenger pods levitated by magnets can travel at speeds of up to 800 miles per hour. The original concept is the brainchild of U.S. billionaire entrepreneur Elon Musk, of Tesla Motors and SpaceX fame.

The long-term goal of Hyperloop One and Summa Group is to “implement a transformative new Silk Road: a cargo Hyperloop that whisks freight containers from China to Europe in one day,” says Shervin Pishevar, co-founder and executive chairman of Hyperloop One.

Some might wonder why a Los Angeles-based company went all the way to Russia to make this science fiction dream come true. But considering the failing state of U.S. transportation infrastructure, it seems like moving the project outside of U.S. borders was probably the right move. One look at the struggle of retailers and parcel carriers who want to use delivery drones in the United States will tell you how friendly the U.S. regulatory environment can be to extreme new technologies. It seems likely that the company is already having better luck bringing the project to life overseas.

Investment and regulatory hurdles aside, there are still many more tests to run. At this point, it’s not clear what sort of maintenance the tubes would require, or what prolonged use would do to human health or certain types of freight.

But one thing is for sure: The Hyperloop concept is pretty cool.

Amazon Ups India Investment

Amazon CEO Jeff Bezos increased investment in the company’s India arm by $3 billion. This new influx of cash brings total investment in the country to $5 billion when added to the $2 billion the company already invested in 2014.

Amazon has hit a few snags in India, but shows no signs of being deterred. In the United States, the online retailer’s distribution falls mostly on the United States Postal Service, or other large parcel carriers

Top Markets for UK Exports

Brexit may jeopardize some trade relationships. The United States, Britain's biggest export market after the EU, bought more than $54 billion in goods from the UK in 2014. The United States is also the top market for UK exports.

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like UPS and FedEx. But in India, reliable nationwide parcel carriers are harder to come by, so Amazon covers most of the last mile with its own logistics services. But that can also be tricky, since transportation infrastructure leaves much to be desired in some parts of the country.

Fortunately, Amazon doesn’t face the same restrictions on delivery drones that it does in the United States. A recent rumor says it will be testing its Prime Air drones in the country very soon, according to *The Economic Times*.

As a foreign company, Amazon is also technically forbidden from direct sales in the country, so it is restricted to acting as a third-party marketplace. However, it can offer those third parties quite a bit in return for using its platform. One of the major benefits Amazon has received from its time in India comes from many new small businesses that now sell through Amazon globally.

The investment comes at a time when Amazon faces competition from other online marketplaces like Flipkart and Snapdeal. Despite some successful fundraising initiatives by the two major competitors, and a recent loosening of laws on foreign direct investment that swelled the coffers of both companies, it doesn’t seem likely that they’ll push Amazon out.

“We have already created some 45,000 jobs in India and continue to see huge potential in the Indian economy,” Jeff Bezos said in a statement to the press after a U.S.-India Business Council summit.

Amazon’s growth in China has been stunted by fierce competition from Chinese e-commerce company Alibaba, but apparently competition doesn’t seem to spook Amazon in India. After a $3-billion investment, it doesn’t seem likely that Amazon will be slowing down in India any time soon.

### Trade Compliance: Knowing vs. Doing

Despite their best intentions to establish trade compliance, a recent survey of multinational companies reveals a costly risk gap between knowing and doing that may lead to fines and incarceration.

Fifty-six percent of surveyed executives at these companies aren’t investing in trade compliance training, even though 28 percent of those companies had been fined or warned by government agencies for non-compliance, according to a recent survey of U.S.-based global companies by global trade management solutions provider Syfan Logistics.

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provider Amber Road and its training practice Global Trade Academy.

These companies create a gap between having plans and the ability of their employees to act on them, with 46 percent not requiring any training for employees, and 28 percent requiring fewer than 11 hours of training.

The risks can be significant. Violating the Export Administration Regulations can result in 20 years imprisonment and $1 million per violation. Administrative monetary penalties can reach $11,000 per violation, and $120,000 per violation in cases involving items controlled for national security reasons.

Lack of awareness about the benefits of trade compliance causes many companies to leave money on the table. Many organizations are not taking advantage of preferential trade programs (see chart, right), yet companies with trained staff that can take advantage of these programs can save millions of dollars.

Missed Opportunities

Less than half of companies surveyed by Amber Road take advantage of free trade agreements and only 36 percent benefit from duty drawback, both of which can save substantial amounts of money.

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Source: Amber Road’s May 2016 Global Trade Academy Report

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Container Rates: From Rock Bottom to Buoyant

Container freight rates are forecast to rise modestly over the next 18 months, but won’t be enough to keep the industry from posting substantial losses in 2016, according to the latest Container Forecaster report published by global shipping consultancy Drewry.

Liner shipping has been riding high in 2016 to date, with spot freight rate volatility reaching unprecedented levels, and industry income falling to record lows. The report draws a parallel between current industry conditions and the depths of the 2008-2009 global financial crisis. Container carriers collectively signed away $10 billion in revenue in 2016 contract rate negotiations on the two main East-West trades, Drewry estimates. With annual Transpacific contract rates as low as $800 per 40 feet to the U.S. West Coast and $1,800 per 40 feet to the U.S. East Coast, carriers have done exactly what they did in May 2009 in a desperate attempt to retain market share.

With first-quarter headhaul load factors hovering at 90 percent, carriers saw no logical reason to sign away so much revenue in one fell swoop. While spot rates on the core trades significantly improved after general rate increases in July, it is still too early to say if carriers have suddenly changed their approach to commercial pricing.

The recent decision by the G6 Alliance (APL, Hapag-Lloyd, Hyundai Merchant Marine, MOL, NYK Line, and Orient Overseas Container Line) to take a weekly loop out of the Asia-North Europe trade is a positive move. But similarly proactive measures will be necessary across other trades for recent improvements to gain momentum.

After some good repair work in the Asia to East Coast South America trade, which improved spot rates from a lowly $100 to $200 per 40 feet back up to more than $2,500 per box, the industry can only wait and see what happens elsewhere.
SERVICE CHANGES

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Balancing Inventory for a Better Customer Experience

Q: How is e-commerce impacting inventory management for retailers?
A: Inventory is a costly investment for retailers. With the growth of e-commerce, retailers have identified a potential opportunity to reduce working capital by thinning inventory at brick-and-mortar stores—opting instead to maintain major portions of inventory at distribution centers upstream. By adopting this strategy, retailers are aiming to reduce aggregate inventory levels through better sales-channel analytics.

In addition, this approach enables retailers to improve e-commerce fulfillment operations, as their distribution centers typically reside close to large population centers, enabling faster product deliveries. By reducing the amount of capital tied up in unsold goods, retailers can then focus on investing in future growth opportunities.

Q: What challenges arise for retailers when leveraging this approach to inventory management?
A: When pushing inventory upstream to the distribution center, the challenge shifts from dealing with stockpiled inventory to keeping up with inventory replenishment. Certain inventory levels need to be maintained at brick-and-mortar locations to maintain sales—the challenge lies in determining the optimal amount of inventory necessary. This may require improved Sales & Operations Planning (S&OP) to better prepare distribution centers and retail stores for increases in product demand. The improvement in S&OP, in turn, might dictate a more frequent flow of products to each retail store.

Consequently, increased frequency of deliveries could drive up transportation costs—necessitating a more holistic and strategic evaluation of the supply chain to optimize inventory and keep costs down.

Q: How else can retailers improve inventory management and e-commerce fulfillment operations?
A: Customer expectations about the e-commerce experience continue to drive retailers to offer new products and services. Free product returns are among those challenging expectations, and retailers frequently view those returns as a necessary evil in the overall lifecycle of a product. At GENCO, A FedEx Company, we can help transform returns from a costly and cumbersome process into a strategic advantage. Obviously returns can drive up costs, but they can be leveraged in a retailer’s overall omni-channel strategy to improve fulfillment operations. Put simply, product returns are another source of inventory. With a strategically positioned returns center, a product can be efficiently returned, sorted, refurbished, and primed for e-commerce fulfillment—helping the retailer turn a seemingly inconvenient service into another inventory stream.
How to Stand Out From the Crowd

The changing needs of today’s manufacturers, coupled with the intense challenges third-party logistics (3PL) providers face – from greater reliance on just-in-time inventory and the increasing role of technology, to port congestion and the truck driver shortage – have led to a landscape ripe with competition. Arguably more diversified and sophisticated than ever, the 3PL sector is seeing an emergence of more 4PL partnerships, resulting in deeper, more strategic relationships.

An increase in daily transactions places more requirements on the supply chain. Collaboration has led to supply chain consolidation, resulting in more agility, visibility, and flexibility throughout a product’s lifecycle. 3PLs need to work with other supply chain partners and vendors to provide real-time data, forecasts, and key performance indicators to react promptly to issues.

When selecting supply chain partners, technology has become as important as cost to meet the need for additional transactional volume at greater speed. As a result, 3PLs must continually invest in their technology infrastructure to ensure they don’t lag behind.

E-commerce comprises 15 percent of all retail sales, driving smaller order quantities and more logistics around final-mile delivery. And as shippers and manufacturers move toward just-in-time inventory, they eliminate builds and holds.

Finally, warehouse space in dense markets is tight, driven by big box retailer growth – especially in port-centric areas such as New York/New Jersey and Los Angeles/Long Beach.

As manufacturers increasingly rely on their logistics providers to help improve sales, 3PLs must streamline their organizations to ensure customer supply chains operate efficiently and seamlessly.

Wanted: An All-in-One Partner

Today’s manufacturers need a 3PL to provide all the necessary business, operational, and IT resources effectively and cost efficiently. To stand out in the marketplace, logistics companies should clearly communicate their value proposition as not just another warehouse, but as a strategic partner and critical component of the supply chain.

3PLs must work to drive more 4PL partnerships, and serve as an integrated end-to-end solution. This is especially important because manufacturer demands for 3PL services in the United States extend beyond a single distribution point, and require a partner that can serve as a one-stop shop. 3PLs that can consolidate all operational and customer service functions through a united platform can also handle larger manufacturers with complex supply chains.

Visibility is a key factor in supply chain optimization as manufacturers want and need a clear window into the process, with the ability to track containers and shipments in real time. Because of this, 3PLs must take an innovative view of technology that includes having the right infrastructure in place today, with a strategic eye toward the future.

It’s also important that customer service is a priority because it can serve as a key differentiator. 3PLs can commit to customer service excellence by creating and cultivating a skilled and helpful team that is always at the ready.

Accountability is also paramount as products move through the supply chain, touching different vendors and processes at various points. 3PLs should have in place a strong system for vendor and supply chain partner accountability.

Finally, it’s important to create a flexible infrastructure. 3PLs that can easily adapt to manufacturers’ evolving needs will solidify their positions in the marketplace and be poised to grow.
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How to Be Fashionably Green

The retail industry’s tectonic shift toward sustainability is real, with a renewed focus on clothing made from raw, organic materials, and nontoxic dyes or bleaches, with low water usage, and produced under socially responsible conditions.

Yet this shift is only part of the story of how the retail and fashion industry is becoming greener. Other aspects of the retail apparel loop—the way the clothing is packaged, shipped, warehoused, displayed, marketed, and sold—present further opportunities for promoting sustainability. Green initiatives in all these areas produce not only a more efficient system, but also one that builds brand loyalty and decreases costs.

The Beauty of Planning

When retailers and their fashion brands address supply chain and packaging as part of the sourcing and manufacturing process, they can achieve cost savings and enhance sustainability. Efficient logistics planning nets fewer truck miles, less bunker fuel, and less warehouse space, which ultimately boosts revenue and cuts costs and waste.

One example of supply chain optimization is using a sustainable hanger rather than a virgin plastic hanger in shipping, which can result in savings of up to 20 percent. With an estimated 85 percent of plastic hangers landfilled at the store end, eliminating them results in less spending on disposal. Fashion companies can also use compression packaging to pull air out of packaging, increasing efficiencies up to 25 percent.

Another approach is optimizing the retail packaging of garments, which reduces the use of toxic glues and packaging footprint, and simplifies assembly. This reduced packaging footprint enables more product to be shipped in an ocean container or 53-foot trailer.

Here are other measures fashion retailers can take to boost supply chain efficiency:

- Plan transport routes, collaborate with other companies along “green corridors”, and ensure trucks are full in both directions.
- Offer “green shipping” options that use cleaner—but slower—transport modes such as ocean and rail, and reduce truck and air miles.
- Reduce processing errors that result in using more energy-intensive transport to meet delivery windows.
- Optimize carton size to item being shipped to reduce packaging waste.
- Make garments out of organic fabric, ship products in the most sustainable way possible, and use recyclable packaging to reduce costs. In addition, retailers can claim a significant marketing win. Communicating your good work to consumers presents a powerful marketing tool that can build brand loyalty and enhance your reputation as a sustainability leader.

- Create a profitable, sustainable retail environment that starts at the storefront. Use natural lighting, and organic or recycled counters and floors. Eliminate all plastic and acrylic. Sustainable hangers made from recycled paper fiber bring out the beauty of organic materials and convey your marketing message. Supply reusable or bioplastic shopping bags to get your message out as well.

Fashion Forward

Taking a sustainable approach to manufacturing, logistics, and packaging brings savings and efficiencies to fashion retail operations. Sustainability practices in multiple areas build a unique and authentic platform consumers can touch and connect to.

By demonstrating forward-thinking values and priorities, you build brand loyalty and trust with consumers. It’s a no-risk vehicle to lead by example. And with a younger demographic that shops their convictions, it’s a simple investment for a greener future.
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Supply Chain Execs Shift Focus From Sustenance to Survival

While we usually reserve 1990’s nostalgia for fashion, film, and music, a glimpse back at the technology landscape is just as jarring. Many remember a time before the internet was a necessity, but what about the pre-SCM age?

For today’s large manufacturers, distributors, and retailers, supply chain management (SCM) has become such an indispensable area of business management that it’s difficult to imagine a time before it. Yet decades before mobility and the Internet of Things, there were no “supply chain directors”—only warehouse, transportation, and manufacturing managers, each group siloed from the others in intent and operation.

Even if a forward-thinking executive realized the need for a holistic strategy, few systems could support that goal. The visibility we now take for granted was once crudely cobbled together from faxes, spreadsheets, and phone calls.

The move away from “point-to-point” thinking happened around 1996, when companies began building teams that pooled collective knowledge and expertise around everything affecting the supply chain. These newly aligned groups drove major improvements in planning and connectivity, particularly among suppliers, customers, and nascent ERP systems.

Twenty years later, supply chain managers and executives have clearly defined responsibilities that span the flow of goods, the various systems that support it, and the human capital that keeps it all running—far beyond the brick-and-mortar mindset of the 1990s.

Comprehensive a Necessity

In 2016, the SCM community stands at the precipice of another important shift. The digital transformation of the supply chain that industry analysts were buzzing about is here, with omni-channel capabilities emerging as a necessity for all competitive supply chains.

More customers than ever order from smartphones and expect a choice of delivery options, while enjoying the best prices and unprecedented speed and customization. If a competitor has a more convenient avenue for a customer, you’ll suffer in the marketplace. Who would have thought that mobile apps such as Uber and Lyft would be able to so rapidly disrupt a service delivery system that was so taken for granted?

This incredibly competitive landscape is the reason supply chain executives must shift focus from thought leadership and being a best-in-class company to survival. In 2016, retailers are thriving or dying by their supply chain strategies.

Walmart remains the world’s largest retailer due to its supercenters, hundreds of thousands of SKUs, and valuable information it makes available to suppliers, including Sony, Unilever, and Procter & Gamble. This flow of information allows every company in the network to adapt quickly to the market.

Connectivity to your entire network is no longer an option; it’s a necessity. If they haven’t already, supply chain executives need to immediately deploy more flexible and agile supply chain management solutions that encompass ERP.

One way to achieve this flexibility is to utilize a cloud-based supply chain network. This approach enables trading partners to collaborate around “one version of the truth” in real time. It also allows you to not only rapidly expand or contract services according to your market, it also lets your team focus on new business instead of maintenance.

Let’s be honest: How much time do you have before all the top suppliers and customers are connected in a way you should be?
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Who Are You Doing Business With?

In our ever-connected and increasingly global economy, aggregated, real-time global trade data—such as denied party screening results—helps businesses ensure protection and compliance. Denied party screening is critical in shipping and international trade, and essential for minimizing business risk today.

Country governments and international organizations maintain lists of people, organizations, and countries they are prohibited from doing business with. These lists include customers, suppliers, employees, and business partners for processes such as contracting, shipping, and payment.

Often, the burden to comply with restrictions is placed on those involved in shipment logistics, such as the exporting business, the logistics intermediary/freight forwarder, or the transportation carrier. But no single worldwide repository of denied parties exists, and it’s challenging for a company to collect, maintain, and update denied, restricted, and sanctioned data from multiple global lists.

Take Note of Penalties

While there is no legal requirement in the United States to screen, there are legal consequences for conducting business with denied or restricted parties. Penalties for non-compliance include criminal charges of up to $1 million for willful violations on restricted items, prison for up to 20 years per violation, civil fines, and revocation of export privileges or debarment.

In addition, because penalties are published publicly, non-compliance with trade restrictions can greatly damage reputations. Businesses today require sophisticated methodologies and technology-based solutions to help lower risk and ensure compliance.

Mitigate the Risk

While companies are genuinely willing to screen, part of the challenge in using denied party screening technology lies in matching capabilities with risk parameters and business needs. Companies need to sensitivity-adjust risk concerns and to choose industry-specific lists to ensure the proper breadth of screening coverage.

For companies with a low volume of business transactions, a web-based solution for individual searches in a unified, role-based platform works well. Those with a medium volume need to review thousands of customers or prospects against a selected range of denied and restricted parties. Companies with a high volume of transactions benefit from a solution that proactively scans master customer data every time a new entry is made in a denied party list. For the largest global enterprises, a solution that integrates screening results with Enterprise Resource Planning/Global Trade Management systems is essential for a comprehensive trade compliance program.

Who Should be Concerned?

It’s a common misconception that screening applies only to companies that transact business internationally. At a minimum, all companies should screen customers, prospects, suppliers, and employees.

For those companies involved in global trade, denied party screening casts a wide net that encompasses shippers, intermediaries and carriers, forwarders, and customs brokers, in addition to exporters. Manufacturers, suppliers, and distributors should screen both internally as well as while goods are transported. Human resources and accounting should screen employees, vendors, and subcontractors.

Companies need to be aware of their legal obligation to ensure they don’t transact business with prohibited or restricted entities, corporations, countries, or people.
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Physics of a Customer-Centric Supply Chain

The supply chain strategy shift from business cost efficiency to customer purchase location flexibility is similar to the Copernican Revolution. Many companies are becoming customer-centric and putting the customer’s experience at the center of business objectives.

Nicolaus Copernicus’ Revolution was the creation of a heliocentric model where the sun—instead of the earth—is the center of the universe. Like Copernicus, supply chain managers today need to overcome the perception of financial heresy in the business world by supporting a transportation cost increase that would maximize margins.

Consider the financial implications and distribution options to satisfy omni-channel demands. Through sophisticated programs such as export distribution centers and direct-to-store services, we have seen companies improve product velocity by seven to 14 days, reduce supply chain operating costs by 15 percent, and cut carbon emissions by 15 to 20 percent.

Do the Math

The velocity of products moving through the supply chain and being available when a customer wants to purchase them is a combination of lead time, safety stock policy, and demand variability. In many respects, the math to calculate the velocity is easy; it’s the demand variability input that holds much of the complexity. In many industries, we are challenged to design and execute a supply chain that is agile enough to respond to demand while being cost efficient.

An agile supply chain is analogous to a ball rolling downhill. The ball has both kinetic and potential energy until it hits the bottom with an impact. Interestingly, kinetic energy increases while potential energy decreases as the ball gets closer to impact.

Similarly, products have the highest potential for business impact at the beginning of the supply chain. At this point, goods can be configured, labeled, or packed based on customer requirements. If you can delay flowing goods through the supply chain until demand is known, and design a faster speed-to-market model, you minimize waste and maximize the margin impact.

A less tangible factor is friction caused by conflicting internal objectives across multiple business stakeholders. Friction slows the speed at which the ball rolls down a hill. A merchant or production planning group usually plans when and where goods are needed. Their objectives gravitate toward product availability and flexibility to allocate goods as close to final use as possible; whereas, other stakeholders’ objectives hinge on cost efficiency. Friction is a crucial element to consider when deciding the optimal distribution model.

Maximizing Impact

Many companies design and implement sophisticated supply chain programs. The spectrum of distribution options to enable these programs spans from export distribution centers at origin, multi-country consolidation, merges in transit, destination crossdocks, import distribution centers, and distribution center bypass. These distribution options are like points on the hill where the ball is rolling. Understanding the appropriate business KPIs to focus on will identify the best distribution option to use for maximum impact.

The customer-centric calculus required to satisfy customer demand, while managing the supply chain efficiently, needs to include the continuously changing supply chain environment that products must move through—from point of creation to point of consumption.

As the new theorem states, why hold inventory when you can flow it?
If You Directly Purchased Airfreight Shipping Services Between January 1, 2000 and September 30, 2006, Your Rights may be Affected by Proposed Settlements

What are the Settlements about?
Plaintiffs claim that numerous air cargo carriers conspired to fix prices of Airfreight Shipping Services in violation of U.S. antitrust laws. As a result, Plaintiffs claim that purchasers paid more for Airfreight Shipping Services than they otherwise would have paid. Air China Ltd., Air China Cargo Company Ltd., Air India, Air New Zealand Ltd., Atlas Air Worldwide Holdings, Inc. (AAWH), Polar Air Cargo LLC, and Polar Air Cargo Worldwide, Inc. (the Settling Defendants) deny liability. However, they have settled with the Class to avoid the cost and risk of further litigation and/or a trial.

The Polar and AAWH settlement provides $100 million. The Air China settlement provides $50 million. The Air New Zealand settlement provides $35 million. The Air India settlement provides $12.5 million. These are in addition to prior settlements with other air cargo carriers of more than $1 billion.

These four settlement agreements and a complete list of Defendants are listed on the settlement website at www.aircargosettlement5.com.

Who is a class member?
You are a class member if you purchased airfreight shipping services directly from any of the Defendants to or from the United States from January 1, 2000 to September 30, 2006, and you did not opt out of the Litigation Class before January 22, 2016.

Will I get a payment?
If you are a class member, you are eligible to submit a claim and receive a payment from these settlements. And if you did not opt out of either the Litigation Class, or the settlements with Asiana Airlines, EVA Airways, or Nippon Cargo Airlines, then you are eligible to submit a claim and receive a payment from the settlements with these three Defendants as well. The amount of your payment will be determined by the plan of allocation, which is described in the full Notice. You may request a claim form online at www.aircargosettlement5.com. Or call toll-free at 1-855-382-6460. Outside the U.S. and Canada, call 1-513-795-0998 (toll charges apply). You may also request a claim form by writing to Air Cargo Settlement 5, c/o Garden City Group, LLC, P.O. Box 10083, Dublin, OH 43017-6683, USA. Completed claim forms must be postmarked by September 9, 2016.

What are my rights?
Class members have the right to object to the settlements, the plan of allocation, the request for up to 25% of the settlement funds in attorneys’ fees, and the reimbursement of expenses not to exceed $4 million, from the seven settlements discussed above. If you object, you must do so by September 15, 2016. You may speak to your own attorney at your own expense for help. You can find more information online at www.aircargosettlement5.com. Or call toll-free 1-855-382-6460. Outside the U.S. and Canada, call 1-513-795-0998 (toll charges apply).

A Final Approval Hearing will be held at the United States District Court for the Eastern District of New York on October 5, 2016. The judge will consider approval of the settlements, the plan of allocation, and the request for attorneys’ fees and reimbursement of expenses. You may ask to appear at the hearing, but you don’t have to attend. You can find more information online at www.aircargosettlement5.com. Or call toll-free 1-855-382-6460. Outside the U.S. and Canada, call 1-513-795-0998 (toll charges apply). Detailed instructions on how to object or appear at the hearing are found on www.aircargosettlement5.com.

This is only a summary.
You can find more information online at www.aircargosettlement5.com. You can also email administrator@aircargosettlement5.com, or call toll-free at 1-855-382-6460 in the U.S., U.S. territories, and Canada. Other countries can call 1-513-795-0998 (toll charges apply). You may write to: Air Cargo Settlement 5, c/o Garden City Group, LLC, P.O. Box 10083, Dublin, OH 43017-6683, USA.

www.aircargosettlement5.com 1-855-382-6460

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Prepare Today for the Workforce of Tomorrow

In the past decade, consumers have embraced the internet to gain control of the shopping landscape. Shoppers no longer clip coupons or wander big box stores without information. Instead, they compare prices, seek out deals, and research and review products on their smartphones—from wherever they happen to be. In response, retailers have to increase consumer loyalty by offering expanded online selections, custom options, and perks such as flash sales and same-day delivery.

As products are more frequently delivered directly to consumers, demand increases for warehousing and logistics workers. Concurrently, the skills these workers need are changing. The result is a shortage of qualified workers to support the logistics, transportation, and distribution needs of manufacturers and retailers.

Consider how the logistics sector is expected to change over the next several years:

From 2010 to 2020, the number of U.S. logistician jobs is expected to grow 26 percent—almost double the average rate for all occupations—due to the boost in competition among businesses in a global marketplace, reports the Bureau of Labor Statistics.

In 2014, the U.S. freight network transported more than 54 million tons of goods worth nearly $48 billion daily, and the Department of Transportation projects freight tonnage to increase by 62 percent by 2040.

Organizations expanding into fast-growing emerging markets also require considerable success in employee recruitment and training.

These scenarios put a lot of pressure on organizations to ensure the workforce is prepared for the upswing in demand. Employers need to seek out skilled candidates who understand the entire supply chain and should expect tough hiring competition. Ensuring that a pipeline of qualified candidates enters the supply chain and logistics hiring pool also presents a challenge.

Here are some changes we can make today to prepare the workforce we need:

- **Improve perception.** A recent U.S. News and World Report study ranks logistician jobs as the 12th-best business career and the 79th-best career overall. Logistician unemployment rates are low and median salary is $73,870. We should make people considering careers in logistics aware of these statistics.
- **Develop from within.** Invest in professional development, encourage employees to pursue certifications, and reward individuals for bringing additional value to your operations. A motivated employee from outside the supply chain area might be a great fit after targeted training and development.
- **Seek out emerging talent.** Recent college graduates are eager to join the workforce and will quickly absorb information about your organization’s unique needs or processes. Millennials have a keen sense of technology, and can help your organization stay relevant in the ever-changing digital environment.
- **Learn locally.** Supply chain organizations have different talent needs based on their location. Start conversations with colleges and universities in your area to ensure the future workforce graduates with the skills and knowledge local employers value.
- **24/7 recruiting.** Ongoing recruiting makes it easier to access potential talent when a need arises.

We need to prepare for the increase in supply chain and logistics demand by empowering the workforce of tomorrow. Industry and academia must come together to tout the benefits of logistics and supply chain careers, and improve the field’s perception. Attracting the best talent positions tomorrow’s supply chains to meet future consumer demand.
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Panama Canal Expansion: Four Keys to Unlocking its Potential

The Panama Canal’s new set of locks offers the opportunity to increase ocean transportation by more than twice the number of containers on one ship, creating a potential sea change in economies of scale. Here’s what shippers need to know.

Today’s global macroeconomic and cross-border logistics environment is already incredibly complex, with higher U.S. domestic consumer demands and expectations than ever before. The Panama Canal expansion adds another variable into the competitive global shipping equation, providing an all-water alternative for products destined to the U.S. East Coast and the Midwest.

The improved canal accommodates 12 to 14 additional vessels per day, or more than 2,000 additional trips annually. It also accommodates ships as large as 13,000 TEUs, in contrast to the previous 5,000-TEU limit. The higher-capacity locks can accommodate 87 percent of the world fleet, excluding only the largest of all ships.

During a recent meeting with Panama Canal Authority Executive Vice President Oscar Bazan, I gained insight into the expansion’s impact. From route selection and vessel strategy to warehouse and distribution real estate decisions, shippers need to consider the following four implications:

1. Canal expansion creates a potentially more cost-effective alternative for reaching the East Coast. As the faster all-water route from Asia, the Panama Canal expansion gives shippers an alternative to the Suez Canal for reaching the United States. Although it is still faster for cargo from Asia to be shipped to West Coast ports, then transferred east by rail or truck, the Panama Canal expansion allows for new economies of scale by providing larger ships with a cost-effective, all-water route from Asia to major U.S. East Coast ports. That drives down the TEU cost and further strengthens the Panama Canal’s appeal.

2. East vs. West means new possibilities for cost savings. Though Los Angeles/Long Beach still dominates in its ability to serve large vessels and transfer cargo to the U.S. heartland, all the leading East Coast ports have been investing in major infrastructure and capital improvements. This West and East Coast TEU rivalry is likely to intensify as shippers continue to seek lower-cost options as well as mitigate risk with port diversification strategies.

As much as 10 percent of container traffic between East Asia and the United States could shift from West Coast ports to eastern seaboard counterparts by 2020, according to research from The Boston Consulting Group and C.H. Robinson.

3. The industrial real estate landscape has the potential to shift, too. With demand for prime warehouse and distribution space expected to remain elevated over the next few years, coastal markets offering the best interconnectivity to larger population bases and intermodal infrastructure should see the greatest impact from the expanded canal.

4. It will take time to adapt, so plan ahead. Ocean carriers want to put their larger vessels into service calling on U.S. East Coast ports, but most of the ports still have work to do to accommodate them. The growing mandate to reach consumers more cost-effectively compels supply chain professionals to consider how the expanded Panama Canal will affect their global supply chain network.

The new locks have only been operating since June 26, 2016, but the worldwide logistics community is already opening up the doors to a whole new level of possibilities.
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Does Your Supply Chain Need an Alignment?

If your supply chain isn’t aligned with your overall competitive strategy, then performance may fall short of expectations, with higher costs, poor execution, and reduced revenue and profits.

When a company develops a strategic growth plan, it has to decide which priorities—cost, quality, time or flexibility—to focus on. It must then manage the supply chain to support these strategies.

How can you improve alignment and enhance shareholder value? Five Steps to Align Business Strategy With Supply Chain Capabilities, a 2016 Gartner report, suggests the following five steps:

1. **Refine supply chain strategy and segmentation.** You may need to segment your supply chain strategy based on different product lines and customer classes, with cost, speed, and service tradeoffs. Many companies have multiple supply chains without realizing it. For example, a large restaurant chain may have one supply chain for fresh fish, another for canned goods, and yet another for fresh produce.

2. **Link supply chain segmentation attributes to functional capabilities.** Connect attributes such as cost, speed, and service with existing core functional capabilities—for example, supply management cost efficiency or agility.

3. **Use capabilities to map/configure processes.** Map and configure the required capabilities to supply management processes. You may need to change or create new capabilities based upon this process. It is critical to understand the cost and investment requirements of different supply chain services and processes that support trade-offs to deliver customer value. Outsourcing is always an option.

4. **Align internal stakeholders to execute processes.** Supply chain leadership must communicate and collaborate to align internal stakeholders on the processes, actions, and metrics necessary to successfully execute and deliver value.

5. **Align external stakeholders on processes and actions.** Supply chain leadership needs to work with suppliers and partners to ensure they are aligned with actions and performance expectations to support required cost, speed, and service attributes. It can be challenging to achieve strategic fit while serving many customer segments and products across multiple channels. It may require sharing supply chain links with some products, while having separate operations for other links. Other factors making this alignment even more challenging:

   - **Increasing product variety and shrinking lifecycles.** Greater product variety and shorter lifecycles increase uncertainty while reducing the window of opportunity within which the supply chain can achieve fit.
   - **Globalization and increasing uncertainty.** Examples include fluctuations in exchange rates, global demand, and crude oil prices.
   - **Fragmentation of supply chain ownership.** Firms are less vertically integrated so new ownership structures make aligning and managing all supply chain members critical but more difficult.
   - **Changing technology and business environment.** Customer needs and technology changes may force companies to rethink their supply chain strategy.
   - **Accounting for the environment and sustainability when designing supply chain strategy.** Any opportunities may require coordination across different supply chain parties.

Not aligning your supply chain and corporate strategies comes with a price. Giant retailer Target didn’t align prices or its supply chain when it entered the Canadian market in 2011. It ended up shuttering all 133 stores in 2015, leading to a $5.4-billion write-down.

Parts of this column are adapted from Lean Supply Chain & Logistics Management (McGraw-Hill; 2012), Lean Retail and Wholesale (McGraw-Hill; 2014) and Supply Chain and Logistics Management Made Easy (Pearson, 2015) by Paul A. Myerson with permission from McGraw-Hill and Pearson respectively.
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How Secure Is Your Air and Ocean Cargo?

Air and ocean cargo security remains a high priority for supply chain managers across the globe. While cargo theft has been a concern for years, organizations also contend with the risk of terrorist groups uncovering vulnerabilities in global supply chains to carry out illicit cross-border operations.

While the United States introduced the C-TPAT program in November 2001 to enhance border protection, other countries have enacted their own supply chain protection programs. The risk of theft and terrorism can affect many points throughout the supply chain, including network supplier facilities, trucks, transfer points, warehouses, ports, aircraft, and container ships. To address susceptibilities across the network, organizations must bolster physical security, personnel security, and data security, among others. They must also monitor cargo security notices from various agencies and evaluate areas for improvement in their own processes.

CBP Leads the Way
An estimated 100 million cargo containers move through global ports annually, and 11 million arrive in U.S. ports. International shippers are required to provide specific manifest information for all U.S.-bound cargo containers in advance of departure. As part of the U.S. Customs and Border Protection’s (CBP) Container Security Initiative, foreign customs authorities then partner with the CBP to review this information and identify and examine high-risk cargo while it is still located within foreign ports.

Securing air cargo is another multi-enterprise effort. Within the United States, the CBP leads many of the air cargo security initiatives, while the Transportation Security Administration is responsible for cargo aboard airplanes, with particular focus on passenger-carrying planes.

On Sept. 11, 2014, Rep. Janice Hahn (D-Calif.) introduced new legislation as an amendment to the SAFE Port Act of 2006 called SCAN – Safe Containers Absolutely Now Act (HR 5455) – with the aim of 100 percent cargo container scanning at domestic ports. “Top security experts recommend that shipping containers entering our ports be scanned, but 13 years later we only scan three percent of incoming cargo. This is unacceptable,” Hahn said in announcing her legislation.

Securing supply chains can hinge on timely access to country regulations and programs. Countries can rapidly enact cargo shipment restrictions or embargoes that might impact cross-border movements.

For example, in December 2015, the Australian government imposed restrictions on air cargo that originated from or had other contact with Syria, Egypt, Bangladesh, Yemen, and Somalia. Similarly, the Canadian government passed legislation in 2015 in an effort to enhance its voluntary Air Cargo Security Program.

Shippers Carry the Burden
While many government and cargo security programs hope to improve global supply chain security, much of the burden is placed on shippers and supply chain trading partners. This responsibility requires timely information sharing, physical security of supply chain nodes, and meeting government program qualification standards.

Automation technology can help you maximize visibility over your cargo security operations. Additionally, immediate access to rapidly changing requirements for import and export activities plays a key role in light of new security concerns. By ensuring both operational visibility and access to information, companies can reduce trading with restricted parties and meet all cargo security standards for the countries involved.
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10 Steps for a Win-Win Shipper-Forwarder Partnership

While many companies rely on forwarders and brokers for compliance, it is ultimately the importer/exporter’s responsibility. Here are 10 key steps to create a win-win partnership with your forwarder where compliance is the top goal.

1. **Create SOPs.** Standard operating procedures (SOPs) clearly communicate how you expect the forwarder to proceed in certain situations and should cover all activities and services the forwarder provides.

2. **Provide a product matrix.** Your product matrix should include import/export classification numbers, applicable license exceptions, whether items are subject to Partner Government Agency requirements, and whether items qualify for free trade agreements (FTAs). Send updates regularly. Even if you send import or export shipment information electronically to the forwarder, the product matrix provides an additional way for them to verify information.

3. **Take control of documentation.** It’s highly recommended that importers/exporters create their own documents and certifications. Some freight forwarders provide a FTA certification service. If you decide to outsource this task, manage it with great scrutiny and frequent audits.

4. **Conduct restricted party screening.** Almost all forwarders screen for restricted parties but don’t rely on them because they won’t have visibility to all parties to the shipment. If parties are only screened just prior to the export date, violations — such as restricted banks on a letter of credit — may have already occurred.

5. **Perform license determination.** Don’t look to the forwarder to figure out whether a license or license exception applies to a particular transaction or to catch an incorrect determination. Especially with non-list-based exceptions, the forwarder will not have the information about that shipment to determine whether these exceptions apply.

6. **Automate data and information exchange.** As the filer, the freight forwarder requires a lot of trade compliance information for each item shipped. I highly recommend automating this data exchange. Most ERP and global trade management systems allow for this transfer via EDI or XML.

7. **Conduct audits.** Verify declarations regularly, whether you self-file or have a forwarder file for you. Even if you don’t have the resources or time to run full-scale audits regularly, try pulling a handful of unusual looking declarations each month.

8. **Create metrics.** Freight forwarders want your continued business and strive for customer satisfaction. Clearly outlining performance expectations and metrics lets you work with your forwarder to identify successes and areas for improvement.

9. **Own your recordkeeping.** If your company is audited, the government expects you to produce shipping records quickly. While forwarders do their best to produce records, they may not have all the documents required for an audit. It’s best to keep all records at your company.

10. **Establish regular meetings.** Meet with your forwarder at least annually, if not each quarter, to review performance metrics and any changes to your business. The volume and complexity of your business determines how often these meetings should occur.

I hope you already follow most of these steps to create a great partnership with your forwarder. Remember, outsourcing trade compliance activities does not mean you are outsourcing trade compliance responsibilities.

BY JULIE GIBBS
Director, BPE Global
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Dialing In to the Secondhand Smartphone Market

More than any other mobile device, our gadget-centric society loves smartphones. The next big thing is always right around the corner. And that’s the phone we want.

This compelling trend has spawned a budding market for secondhand smartphones. Many consumers are content to chase the next product generation one or two years behind if it saves them money.

Today, only a fraction of phones are resold. However, IBISWorld expects the secondhand smartphone market to see double-digit percentage growth over the next few years, creating an obvious business opportunity. The key to seizing it is a nimble and efficient supply chain.

Nearly two-thirds of Americans own a smartphone today, compared to 54 percent in 2014, says Pew Research. As that figure increases, the number of phones for potential reuse will also rise. And nearly two-thirds of consumers replace their smartphone every 18 to 24 months; only 41 percent trade or sell their used device, finds a 2014 Gartner survey.

The aftermarket future appears bright if new phone production is any indication. For instance, Apple’s iPhone 7 launch will drive demand among loyal customers who will likely abandon their “old” phones for the new model. That’s sure to boost secondary sales.

While tempting, the secondhand smartphone market is also complex, fragmented, and fluid, ripe for consolidation and vulnerable to other shocks.

For one, some wireless carriers are shifting to a phone leasing or purchase program, which may cause customers to seek cheaper alternatives or extend the lifespan of existing phones. Meanwhile, discount manufacturers continue to grow in emerging markets and may try to penetrate developed economies.

Retailers and original equipment manufacturers are also muscling in with buybacks, resales, and recycling programs as part of customer loyalty and sustainability strategies. They need to decide how more secondary sales impact revenues for new phones and parts.

There are a lot of moving parts to this industry, so it’s crucial to have a supply chain that can react to changing conditions. Logistics partners can help to:

1. **Meet demand.** Manufacturers need a fast and flexible supply chain that is always ready to meet demand. It’s important to tailor the shipping product mix to a business’s supply chain needs and employ world-class tracking technology.

2. **Attract customers.** Cell phone providers must be ready to meet demand when and where it materializes. A logistics partner should offer a full suite of commercial and residential shipping products, a global transportation footprint, and customs brokerage.

3. **Keep customers.** This requires solutions such as flexible billing options and simplified returns. Partners also can offer alternative package drop-off and pickup options.

4. **Extend value.** Cell phone providers with the right refurbished phones in inventory can provide customers on-demand replacements. Additionally, as some smartphone sellers move to a lease model, customers will receive automatic upgrades. Logistics providers deliver the new phone to a customer’s door and pick up the old phone, increasing the chance that used phones get a second life.

The right supply chain partners can help companies achieve success in the secondhand phone market by maximizing earnings and navigating the uncertain terrain ahead.
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The March of Technology

How are you going to make money at the lower margins of 2016? Freight is down, trucks are plentiful, and fuel is down so much that you need to get a lot of new business just to keep your revenue even. Not an easy environment. And it’s going to get tougher.

Margins have been coming down since the late 1970s. Why would they stop now? When I started brokering in 1977, margins were usually 50 percent or more. You made a lot of money on each load, but it was all done manually, with three-part forms, ledger books, and handwritten checks.

There were many reasons for such high margins, but the primary one was regulation. Before 1980, if you wanted to become a broker or a carrier, you had to apply to the Interstate Commerce Commission (ICC) for authority. A carrier, broker, or shipper had to prove to the ICC no one else could handle their shipments—not an easy task. Existing carriers could protest your entry into the market; many fought virtually every application.

When you did get authority, it could be for something as narrow as service between only two states, or even just between two cities. Sometimes exact driving routes were part of your authority.

Regulation dated back to the Great Depression. The ICC, which regulated railroads, was ordered to protect motor carriers from unfair competition. In practice it ultimately protected them from almost all competition.

Shielded from antitrust laws, carriers could all charge the same rates, which were high enough to keep the least efficient of them in business for decades. Efficiency was not important.

Computers didn’t emerge in transportation until the mid 1980s. Before then, only the largest carriers had computers—big mainframes. Meanwhile, brokers did everything on paper, with bins, filing cabinets, ledger books, T-cards, and rubber stamps (remember rubber stamps?).

In 1980, transportation was deregulated. Anyone could haul freight or start a brokerage. Prior to 1980, truckloads from New Jersey to California went for over $5,000 with regulated carriers. That’s equal to over $15,000 in inflation adjusted dollars.

Predictably, rates came down, though not all at once. In the last 36 years, it has been a slow, irregular, but steady decline. In LTL, a 10-percent discount was standard for a few years; later it was 25 percent. Compare that to today’s 70-percent discounts.

Luckily, affordable computers arrived just in time. In 1981, IBM released the IBM PC. Computers with hard drives become popular in the mid-1980s. By 1985, the cost of a 20 MB hard drive had come down to about $3,000, low enough for small businesses to afford. At first computers were glorified typewriters. But when the Internet took off in the late 1990s, they became communication devices. Every year, the software got a little better, increasing efficiency.

The market has changed over the years. Margins are lower, but automation is way up. Virtually every 3rd Party Logistics provider has a computer. Even with today’s lower margins, you can still make a great living as a broker. As a matter of fact, there is more freight moving through 3rd party logistics providers than any other time in history. 3PLs are doing it with new and always improving technology.

I ran across an old report I wrote in the mid 1990s. Back then, this report seemed like Star Wars technology to me. It was a printed report that would match up available loads to available trucks. Magically, automatically, a dot matrix printer would just start printing a list of who to call onto the continuous green-bar paper. It worked and we moved loads because of it.

Now a 3PL needs much more than that. With today’s lower margins, it’s crucial to move more loads with less labor. Instead of someone having to call carriers, today’s systems can automatically start emailing carriers with load offers. Instead of making 20 phone calls in 40 minutes, a burst of 20 emails can be sent out in seconds. Instead of manually calling carriers to track deliveries, 3PLs are using EDI, APIs, and options like Macropoint for cell phone tracking.

Another layer of efficiency comes from 3PL websites where customers can track shipment statuses and request quotes. More advanced 3PLs have customers printing their own invoices and PODs, even generating their own reports.

Most 3PLs today have at least a list of available shipments on their website for their carriers. More advanced 3PLs have carriers bidding on shipments and updating delivery statuses. Some allow carriers to check on payment status, and even choose payment terms. The most advanced have options for carriers to accept shipments right from the website, self dispatch, and self invoice. With shippers sending loads in via EDI, it’s Uber-like. No one touches it.

Technology can make the difference between profit and loss in a low-margin environment. As margins squeeze ever tighter, staying current with technology can make the ultimate difference between success or failure.
C

Is It Time to Think About Logistics Outsourcing?

hanging consumer behaviors, increasing consumer
expectations and rapid advancements in technology
are converging to create the need for supply chains to
be more global, transparent, agile and responsive. We
are at a unique point in time with all of these dynamics in place
simultaneously that the supply chain function is evolving in its
breadth of competency and increasing in its level of complexity.
Supply chain management and execution is now viewed as
a highly specialized core business function capable of driving
favorable results to the bottom line.

To ensure that companies are leveraging the latest strategies
for their supply chain operations, many are turning to logistics
outsourcing. Companies that outsource their logistics functions
are often able to align their supply chain activities more effectively
with their overall business strategy, which is a key to success. A
logistics outsourcing partner leverages its expertise to help a
company advance its supply chain strategy by defining and deliv-
ering the network capabilities required to support overall business
objectives. The alignment of incentives between a company and
its logistics partner is a core element of outsourcing ensuring
objectives are clear and collaborative behaviors are fostered.

With this alignment in place, strategic elements in the supply
chain can then be executed.

**Leading-Edge Solutions Oriented Thinking and**
**Execution** – As the demands on supply chains have increased,
logistics management practices and technologies have evolved
significantly. A logistics outsourcing partner ensures that a com-
pany is leveraging leading-edge thinking to define supply chain
needs, prioritize challenges and develop and execute customized
solutions that are targeted to support specific business objectives.

**State-of-the-Art Technology Platforms** – End-to-end
supply chain visibility provides the foundation to migrate from
a reactive supply chain management approach to a proactive
model. A logistics outsourcing partner provides a state-of-the-art
technology platform that enables transparency of supply chain
activities across all trading partners and provides real-time access
to vital data. An updated technology platform also provides
proactive alerts to network stakeholders on issues affecting supply
chain performance and automates responses to disturbances in
the supply chain. The result is a much more agile, dynamic and
efficient network.

**Engineering-Based Network Design, Modeling and**
**Optimization** – Proactive supply chain management requires
a comprehensive, engineering-based approach to supply chain
planning. A logistics outsourcing partner combines engineering
and operations expertise with state-of-the-art optimization and
simulation software to remove complexity and cost from supply
chain infrastructure. Continuous monitoring and assessment
of the supply chain helps to ensure that high service levels are
maintained while providing the flexibility to meet changing
business needs. It also helps minimize the cost and impact of
short-term disruptions, such as unexpected changes in consumer
demand related to promotional activities.

**Driving Value Throughout the Supply Chain** – With a
holistic approach to the supply chain, a logistics outsourcing
partner serves to reduce fragmentation and centralize supply
chain activities. This provides a foundation for developing and
implementing solutions that drive value and decrease costs
throughout the supply chain. A logistics outsourcing partner
also fosters collaboration by orchestrating the activities of all
trading partners, diminishing the burdens placed on network
stakeholders and positioning a company as a “customer of choice”
for key network partners.

The need to move more goods to more locations more quickly
and accurately than ever is applying unprecedented operational
and financial pressure on supply chains. A company’s ability to
efficiently execute a supply chain strategy in today’s environment
can be enhanced by logistics outsourcing with a strategic partner.
The Potential of Change

With schools across the country rapidly increasing the use of technology in the classroom, recent graduates entering the logistics workforce expect similar atmospheres. Without even realizing it, these individuals have trained themselves in a variety of ways to further their career. They are comfortable spending hours a day behind the computer, checking their emails religiously, and adhering to the forever changing landscape that is the university’s internal website. They have spent the last few years glued to their laptops; quickly learning and adapting to each professor’s different software standards.

So, when they enter the workforce, why would we rip away the technology they have been educated with? Changing certain parts of the business to meet the expectations of millennials may be time consuming and expensive, but will be worth the investment for the future.

Plain and simple, graduates are expecting to complete their work just how they did in college. From turning in papers to taking an exam on the internet, many of their classes were completely paperless. Changing a few areas in the office will ease the transition from school to work.

A proper area for your new employees is a vital resource for their success. For 3PL companies that revolve around the internet, there are a variety of ways to help your employees. First and foremost, laptops and desktops should run the newest software available because most students’ personal computers will be running the same platform. With many companies still running an operating system three generations old, it is time to invest in the updated version of Windows 10. Newer platforms also allow for expansion, including running multiple screens.

For 3PL companies, phones are also a vital part of the company. Outside the realm of business, landlines are a dying breed. These younger people will not have experience with the phones at first. These landlines should operate in a similar fashion to their smartphones. With a phone call sometimes not the best form of communication, there is software available to directly text from your computer.

Beyond the workplace, the numbers side of business can quickly be customized to fit the millennials’ needs. 3PL could be completely done online if it wasn’t for some companies that still request paper copies of their legal documents. Paper copies will soon be history. ACH payments that directly send money from bank to bank have many positive aspects. You will not be spending time stuffing envelopes full of checks, your payments will be secure, and you will be able to control exactly when customers receive their money. Transitioning away from such a solid foundation is frustrating and time consuming, but it will ensure your business will be prepared for the future.

After changing a few aspects in your company, you will begin to notice just how the investment paid off. Desktops will be less cluttered, electronic documents will be easy to find on the server, and your employees will be comfortable in the work environment.

Set your mind at ease and recognize the potential for millennials and their technology.
Optimizing Inbound for Improved E-Commerce Fulfillment

E-commerce is changing warehousing. Consumers want to purchase merchandise at any time, from anywhere—whether it is online, mobile, or in a store. As a result, efficient and reliable omni-channel fulfillment has become an imperative for retailers. To better align business models with the new paradigm, retailers and logistics providers are augmenting their distribution networks to focus on the consumer, resulting in several interesting warehousing trends.

Several of those trends involve the physical size and location of distribution centers (DCs). Increases in order throughput, in conjunction with larger numbers of stock keeping units (SKUs) and greater order complexity, are catalyzing the need for additional aggregate DC capacity. Retailers are also pushing inventory carrying costs and direct fulfillment activities upstream of storefronts, adding to the need for a larger DC footprint.

At the same time, more demanding consumer expectations, relating to delivery times and returns, are necessitating the proliferation of smaller and more regionalized warehouses and DCs, as opposed to the mega DC model. The resulting scheme comprises increasing numbers of potentially smaller DCs located close to major population areas. This positioning also gives retailers access to the greater workforce needed for running e-commerce fulfillment operations.

Bringing Focus Back to Inbound

With e-commerce spurring rapid change in warehousing, retailers and logistics providers need to evaluate how inbound logistics can help optimize e-commerce fulfillment operations. Inbound logistics has a major impact on the customer experience—even if it is well hidden from the consumer’s view. As an example, many online retailers promise two-day shipping, but that does not equate to two days for the retailer or logistics provider. Shipping, fulfillment, and inventory availability all play symbiotic roles in enabling two-day deliveries for customers. Given their symbiotic relationships, it is vital to evaluate the supply chain from a holistic point of view.

Three Keys for Better Inbound

There are three key aspects of inbound logistics that enable a better e-commerce experience: demand planning, modal selection, and product availability. For consumers, the most visible of the three is product availability. If a product is not available to order, it stops a sale dead in its tracks. Depending on the timeframe a consumer may need a product, lack of availability could drive business elsewhere, opening the door for other retailers to take market share.

Less visible to the consumer—but no less important—is modal selection. This needs to be considered with great care, as it can become a balancing act between optimizing profit and ensuring availability. Transportation leaders are being challenged by the ebbs and flows of the pricing environment, all while juggling the choice between less-than-truckload (LTL) and truckload.

A third aspect of inbound logistics is demand planning, which can help alleviate the pressures of pondering modal selection. Demand planning is informed and influenced by many different departments within an organization—with marketing among the most important. If not integrated with demand planning, marketing initiatives can seriously disrupt fulfillment. A website may offer a bundle of products at a discounted rate, but the online special will result in many dissatisfied customers if a DC was not prepared with the appropriate stock for timely fulfillment.

The Fundamental Fix for a Better Supply Chain

Poorly planned inbound operations can be disruptive to an otherwise-adequate fulfillment operation. The fundamental fix to the problem is supply chain visibility. A more comprehensive approach to supply chain management—one that includes visibility into the complexities of inventory supply, inbound transportation, order fulfillment, and outbound transportation—can help to provide for a great omni-channel experience, one that encourages customer loyalty and optimizes profitability.
Truckload Capacity: There is Always a Truck Going That Way

Hundreds of calls, page by page through the carrier listings. Ninety-nine percent of the replies are, “Sorry, we don’t hire out.” But through all the searching, you always find one. That gem in the rough who runs the lane. They are booked out for the week, but now you have them in your pocket. Success!

Searching for capacity is a tough job. The number of carriers out there is astronomical, but there is always somebody driving where you need to go. By the very nature of the industry, if there is a population, then they need trucks to deliver the necessities and niceties of life. Knowing they are there doesn’t make them any easier to find; it takes tenacity, honesty, and persistence.

Tenacity like a bulldog, or a gila monster here in the Southwest. Grab it and don’t let go. In the very transactional environment of truckload freight brokering, it’s easy to commit a couple hours to finding a carrier to match a load, then move on. In order to build a robust portfolio of carriers and have someone in place next time that obscure load becomes available, you need to take the long perspective. That obscure load will come by again, and you could cover it with a single call if you put the time into it now. Grab that lane and follow it through until you know who to call on it. But knowing who to call is just the first part. They have to know you.

Honesty is the fulcrum of industry. After you have built your portfolio, those dispatchers and drivers need to know they can count on you. They need to know your word is your bond and they can count on that load to come through for them. Trust is the chassis of communication; everything stands on it. An intriguing study on game theory proves that those who play a fair game and communicate with honesty come out ahead in the long run.

Winning in the long run also takes persistence. You must be persistent in your contact strategy and approach. Become the most reliable and sticky broker to your carriers. Plan your work and work your plan as long as you can. Henry Ford is well known for persistence bordering on stubborn with respect to continued production of the Tin Lizzie Model T long after other manufacturers released modernized horseless carriages. So your portfolio, persistence, and follow up will pay off. A carrier relationship built over years will almost certainly be financially fulfilling.

If you are building a brokerage from scratch, or struggling to grow what you’ve got, remember the fundamentals never change. There is always a truck going that way; you’ve just got to have the grit to find it. You need tenacity to find them, honesty to win them over, and persistence to keep that hard earned capacity a phone call away.

Got 3PL challenges? Get free expert solutions at inboundlogistics.com/3pl
Increased Visibility

The strength of any supply chain is in its individual links. For shippers of all types of freight, that means having visibility into accurate and timely load locations. For shippers, carriers, brokers and third party logistics services providers, the MacroPoint freight tracking solution is proving to be the answer. Today as well, shippers are requiring more than 100% visibility. They are also demanding information that enables them to manage by exception, to focus on late and off-schedule loads that threaten to disrupt their supply chains, and it is easy to see why. For every unreported late load, the consequences are clear:

■ A retailer would have to work around the lack of inventory on store shelves
■ A distribution operation might have to adjust staffing on its loading docks to account for both unproductive time and the need for personnel when a load does finally arrive
■ A factory might need to idle or ramp up a production line accordingly

With timely and accurate load status information, however, shippers can focus on loads that have the potential to disrupt operations, and make more informed decisions about scheduling, inventory and staffing in advance. This process of using predictive analytics and managing by exception enables retailers, distributors and manufacturers to have full visibility into the location and status of their freight.

Having predictive analytics capabilities means that instead of expending significant management time manually gathering information on 100% of the loads in their supply chains, they only need to focus on the loads that look as if they might be late.

New mandates from major shippers for increased visibility into load status are also among the latest challenges facing for-hire, contract and private carriers, as well as brokers and 3PLs. This higher demand includes requirements by these shippers for the following information:

■ Arrival at Pickup Status Update—Within 1 hour of event
■ Departure at Pickup Status Update—Within 1 hour of event
■ Arrival at Destination—Within 1 hour of event
■ Complete Unloaded Status Update—Within 1 hour of event
■ In-transit updates every hour
■ All of these updates must also contain actual lat/long positioning

The ability to meet those requirements from a growing number of large, well known companies can mean the difference between securing their business or losing out on a significant number of freight hauling opportunities.

Just a few years ago, however, it was unrealistic for shippers to expect total visibility into load locations and status from the carriers in their freight networks. Today, with technologies like the MacroPoint load tracking solution, which currently is being used by nine out of the top ten asset-based carriers, 62% of the top brokers, and over 750,000 drivers, all parties involved in moving freight have greater connectivity and visibility in real time.

The patented system only requires an in-cab system or any connected device, including a driver’s phone. Through its integration with enterprise management and TMS systems, MacroPoint can provide the more frequent and detailed updates that shippers now require to keep their supply chains intact. The tracking process can even use “geofences” at arrival and departure locations, or along routes, to update the status of shipments automatically.

Perhaps the best testimonials about the value of the MacroPoint load tracking solution come from customers like Armstrong Transport Group, a Charlotte, North Carolina-based nationwide network of agents and brokers that provides dry van, refrigerated, flatbed and specialized truckload, LTL, heavy haul, expedited, rail and air freight services throughout North America.

“MacroPoint makes it easier for us to provide load tracking for our many customers with time sensitive needs,” said Brian Mann, COO at Armstrong Transport Group. “Meeting their requirement for load status updates every four hours created a lot of work calling drivers and then calling or notifying customers. MacroPoint makes it simple to automate the process, and the ease of integration with our TMS made it a turnkey solution for our users and drivers.”

MacroPoint designs freight monitoring and tracking solutions for shippers, brokers and 3PLs. Its patented, automated load monitoring and tracking software provides load location visibility to third parties. The ‘pay per use’ solution works on any cell phone, not just smart phones, and with existing in-cab ELD/GPS tracking devices to provide real-time location monitoring and tracking, delivery monitoring, and event notifications to third parties. To learn more about MacroPoint’s industry leading solution for third party shipment tracking, call 866-960-0328 or visit www.macropoint.com.
Preparation: The Key to Successful Business...and Procurement Projects

Shippers everywhere are enjoying the “summer of ’16.” Carrier capacity is abundant, and rates, particularly in the truckload spot market, have fallen by double-digit percentages relative to last year. Contrast this with the “winter of ’14” when the Polar Vortex drove spot rates to all-time highs. Since that time, decreasing fuel costs, coupled with favorable regulatory rulings and expanded carrier capacity has clearly pushed the pendulum toward a shipper’s market. How long will this last? It’s hard to know.

But my boss reads the latest news, and wants savings NOW. Even though transportation professionals know the perils of short-term thinking, they are still finding themselves under pressure to take advantage of the current market. So how do shippers do this without sacrificing long-term relationships, so that when “winter” returns, they are not left out in the cold?

First, turn your focus internally. Often, procurement events fall short because individuals who put the RFP together in headquarters don’t fully understand the specific requirements of the end users within their own organization. You need to understand your actual spend, or in the case of transportation services – your volumes. Make sure you fully understand your needs and volumes (lanes, units of material, etc.) so you can communicate it clearly to participants.

When drafting the RFP, you need to seek out detailed service and quality requirements from the people who will actually be using the services or materials. In transportation, you might learn that the plant needs drop trailers, or perhaps 48-foot trailers because they can’t fit 53-footers in the facility.

You also need to know your baseline costs. Because at the end of the day, you need to be able to say whether you did worse, better, or stayed the same.

Then, plan for clear external communications. When seeking out new suppliers and vendors, it’s also crucial to clearly communicate how you expect to do business. By clarifying payment terms and conditions upfront, along with how you want to work from a legal perspective, you can avoid going all the way down a path to an award, only to have it fall apart in final negotiations.

Understand the providers in the marketplace. The next step is to qualify your providers. There is no substitute for due diligence. If you’re casting a net for something you don’t already buy, then it often makes sense to conduct an RFI (request for information) first, then choose who you’ll send the RFP to from the initial respondents.

When structuring the RFP, most procurement strategists advise you to unbundle service elements as much as possible. For example, break apart line haul and fuel surcharge line items to get an apples-to-apples comparison. It also helps to standardize accessorial charges in your RFP.

Be realistic with your timeline. Most people underestimate how long it will take them to analyze the data and work through their own side of the contract negotiations, especially if they don’t conduct procurement events very often.

Complex bid packages virtually guarantee errors in submissions, so sanity check responses, and don’t pin your hopes on something that’s unrealistic.

And remember: you’re being evaluated, too. Throughout the process, make sure your communication is as consistent, clear and responsive as possible. It’s OK to be repetitive and don’t lag in responding to questions. If a shipper seems unorganized, carriers will hesitate to offer their most competitive pricing due to fear of the unknown.
Import Express LCL Service

In an industry where speed of information is constantly improving, it is ironic that the actual speed of the various modes used to move cargo (airplanes, trucks, ships, and trains) has improved very little. That makes even the smallest improvement to the speed of delivery an important consideration. Improvements in speed of delivery typically involve changing processes and/or changing modes, such as a different distribution channel, or moving by truck instead of rail, air instead of ocean, etc.

Using an import express less-than-container (LCL) service, particularly from China, offers cost savings and faster transit times over traditional consolidated LCL services. This can be applicable to multi-customer LCL consolidation services, or a buyer’s consolidation, where multiple suppliers for the same customer are consolidated at origin into a full container. In either situation, having the container devanned on the West Coast provides a number of express advantages to the importer.

With more steamship lines calling direct on West Coast ports, the container rates are more price competitive than using rail to inland points, or all-water service to the Gulf and East Coast ports. Consolidating LCL shipments to one destination further reduces per-shipment container freight station costs, customs clearance, and handling costs.

Also, the transit times on the water are roughly two weeks to the West Coast, versus four weeks to East Coast ports. Rail service from the West Coast is a week shorter. Having one to two weeks for domestic distribution allows for more transport options to move product inland. Those options include trans-loading via full truck, partial, or LTL, as well as using package carriers, expedited ground carriers and air freight.

Of course, the import express LCL service provider must have access to competitive domestic pricing with the carriers being used for the potential cost savings to be realized. Those costs include fuel surcharges, which are more quickly adjusted than steamship bunker surcharges. In the current environment those savings are realized quicker on the domestic transportation.

The service provider must also have access to a reliable West Coast container freight station/warehouse that is well positioned geographically, and experienced in providing the multitude of services and domestic transportation options needed to successfully perform the distribution.

While it may be tough to see significant direct apples-to-apples transportation cost savings compared to ocean and intermodal, the flexibility of being able to use the one to two weeks from the West Coast gives the importer better ability to control delivery times, whether to a distribution center, or direct to the end-user. Additional cost savings as a result of faster transit times is the inventory carrying cost reductions based on product not being in the pipeline for as long as standard ocean import services.

If you utilize the import express LCL service, modify your distribution strategy by bypassing distribution centers where possible, and deliver direct to the end-user, especially in the western United States, there is a significant opportunity for cost savings, while getting product to market quicker.

Of course, this strategy doesn’t work for every product, every circumstance, every importer, and every time. It was just one year ago when the West Coast port delays choked the supply chain. Importers are still smarting from the delays and associated penalties and costs incurred, and many have committed to alternative ports to avoid any repeat possibility. So it seems counter-intuitive to recommend funnelling cargo through the West Coast, particularly with close to 60 percent of consumers still east of the Mississippi.

What a difference one year can make. The circumstances today are very favorable to using an import express LCL service as described. West Coast port labor issues are settled for now, congestion is not an issue, fuel costs are low, domestic transportation options are many, and the ability to take advantage of fast delivery to the end-user is better than ever.

To make this work, you need an experienced service provider, with a reliable West Coast warehouse operation, and a strong domestic transportation network, to help you put together an import express LCL program that delivers your product at a lesser cost, and faster than your competition.
Keeping an Eye on Cost Management

The transportation and logistics industry is currently experiencing an acceleration of mergers and acquisitions, which is causing dramatic changes to the supply chain. Are you prepared to manage through this ever-changing environment while keeping a focus on managing cost?

The 80/20 Rule of Logistics tells us that 80 percent of supply chain cost and efficiency is inherent to network layout while the final 20 percent is driven by tactical and operational processes guided within that framework. With so many high-impact changes ahead of us, shippers have a prime opportunity to drive cost out of supply chains and alleviate their dependence on squeezing pennies out of the last 20 percent when hundreds of thousands of dollars have been left on the table due to not reevaluating their network.

Cost and arrive-by dates are customers’ go-to concerns, but are far from the only relevant issues. Every mile and minute on the road is additional risk for delay, spoilage, accidents, loss, and damage. Each day an order remains in progress is a day that sales, customer service, operations, management, and accounting are spending time following up on that order, and not spending time on growing and securing new business. These soft costs can quickly eclipse the hard costs of transportation, if smart shippers are not careful.

Appropriate engineering and analysis of an existing network will:

- Optimize DC locations
  - Minimize and match spend to customer weight and margin
  - Maximize and meet customer service expectations and MAB dates
  - Plan ideal geographic location by product
  - Right-size storage footprint
  - Reduce risk and COGS

- Optimize Customer Assignments
  - Plant to DC
  - DC to customer
  - Reduce service time and cost
  - Eliminate or reduce shared delivery points

- Optimize Overall Throughput by Product
  - Relieve congestion and bottlenecks in flow of information, goods, and finance
  - Create stability and predictability in service pattern
  - Maximize total ROI, minimize exposure to risk

Optimized network designs can eliminate as much as 65 percent of total spend and set the framework necessary for a solid TMS and order management platform to push you into best-in-class performance. Be sure to work with a provider who has proven experience in network design and optimization. It could be the cost savings—or profit provider—you never knew you needed.
What You Need to Know About the New SOLAS Regulation

With the introduction of the new Safety of Life at Sea (SOLAS) regulation, there has been much discussion about what the new ruling entails, and what it will mean for the industry. There has also been a lot of confusion, particularly regarding who is responsible for implementing the changes and enforcing the ruling. To clear things up, we put together some key facts.

What is the New Regulation?
The regulation states that after July 1, 2016, it will be a violation of SOLAS to load a packed container onto a vessel without a Verified Gross Mass (VGM). The regulation was introduced in response to the high number of maritime incidents, where containers of estimated weight were loaded onto a vessel without due planning, causing instability that led to loss of cargo and vessels, injuries, and even fatalities.

Who Will It Affect?
The regulation will be applied globally, affecting all ocean transportation – 95% of all international trade (by volume per transaction). As such, the effects will be felt across the industry. Delays are inevitable as the parties adjust, and the response to containers without a VGM will depend on the terminal and carrier. Trucks may be turned away to prevent congestion within terminals, or terminals may assign storage space in preparation, however either option would still require time to reconfigure the stowage plans before a vessel could be loaded. In many cases, carriers and terminals are addressing this by installing weighing stations to provide this service, ensuring compliance, and profiting from the change.

Who is Responsible?
According to SOLAS, the onus of providing the VGM is on the shipper, defined by the SOLAS convention as ‘the legal entity or person named on the bill of lading or sea waybill or equivalent multimodal transport document as shipper, and/or who (or in whose name or on whose behalf) a contract of carriage has been concluded with a shipping company.’ Shippers therefore are advised to strive for compliance as soon as possible, and check with carriers and terminals how best to meet the mandate according to their plans. For shippers using a forwarder to pack and weigh the container, forward to the port, and make bookings, the forwarder may provide the verified weight on their behalf – however the shipper will ultimately have responsibility. Carriers and terminals must both strictly refuse to load containers without a VGM, or their ships will not be compliant to flag state and insurance rules. Carriers and terminals are under no obligation to check shipments, however enforcement agencies may implement measures to ensure compliance is being achieved.

How to be Compliant
Any container being loaded onto a vessel must have a VGM, and it is important that the carrier receives this with time to safely plan stowage. Deadlines will differ dependent on the carrier, but it is clear that this will require more time, so prepare for tighter deadlines and allow more time for processing. The VGM can be signed by hand or electronically, and must contain the signature (of a person, not the company) or the last name of the responsible party in capital letters, as well as the verified weight. The VGM can be ascertained by either weighing the container and its contents as a whole (Method 1), or weighing all the cargo (including packaging and dunnage) before packing, and adding this to the tare weight of the container (Method 2). Packed containers entering through a U.S terminal gate via truck (i.e. off-dock rail, local export cargo) can be weighed by the terminal. The carriers can use this weight as the VGM submission by the shipper. Packed containers that move via rail intermodal received at a terminal (i.e. on-dock rail) will already have Gross Cargo Weights, as required under the Intermodal Safe Container Transportation Act (ISCTA). These are passed from the shippers’ loading facility to the trucker, and then to the carrier (for inland rail units only) for safe rail transport and terminal handling. The carrier, on behalf of the shipper, will add container tare weight to the Gross Cargo Weight, and submit the total as VGM to loading ports. The International Maritime Organization (IMO) has granted a grace period of three months to allow for:
- Permitting packed containers that were loaded onto a vessel before July 1, 2016, and are transshipped on or after July 1, 2016 to be shipped to their final port of discharge without the VGM specified in SOLAS Regulations VI/2.4 to VI/2.6; and
- Providing flexibility to all the stakeholders in containerized transport to refine, if necessary, procedures for documenting, communicating and sharing VGM Information.

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Adapters Win in the Multi-Modal, Omni-Channel Fast Lane

In today’s digital supply chain era, market-leading shippers in North America are racing to adapt to the growing need for the speed, choice, precision, agility and visibility required to satisfy end customers. Responding to multi-modal and omni-channel demands for the rapid flow of goods, forward-thinking supply chain leaders are leveraging advanced analytics, robust supply chain technology and expertise in domestic (Parcel, LTL, Truckload) and international flows to control and optimize complex networks. Many shippers with traditional, less resilient supply chain infrastructures are experiencing exponential pressure to fill the gaps.

In particular, the accelerated growth of small package, parcel, express shipments (covered in the 2016 Council of Supply Chain Management Professionals’ Annual State of Logistics Report for the first time in 27 years) and heavy home delivery highlights the changing burden for shippers organized to operate in a very different system.

This rapid growth is a product of the booming e-commerce realm where the new reality shifts the customer to the pinnacle of the marketplace and requires visibility from domestic or foreign loading docks to the last mile delivery. With the expanding Internet of Things and a growing tendency to widen direct business-to-customer channels, a flexible, adaptive supply chain becomes increasingly important.

Today’s supply chain disruptions challenge the sustainability of shippers incapable of providing broad, analytics-based multi-modal and omni-channel solutions. As ongoing macroeconomic trends limit growth opportunities for many segments, businesses increasingly are evaluating their current state and developing strategies to achieve a future state of improved operational performance through enterprise value chain solutions.

Many growth-focused companies are implementing LEAN-based continuous process improvements while looking to mitigate operational, financial and strategic risks. From the back room to the boardroom, the supply chain is receiving more executive attention than ever to keep up with change. Shippers by the thousands are collaborating with Enterprise Logistics Providers to deliver predictive analytics needed to fuel expansion through reductions in logistics-related costs, optimizations in omni-channel fulfillment and improvements in customer delivery experiences.

Partnering to Navigate New Challenges
With no end in sight to e-commerce dominance, successful omni-channel supply chain management is expected to remain a prerequisite for survival. Many shippers find they lack resources to build the required skills quickly enough to nimbly shift from international conveyance to LTL shipment to parcel delivery in an efficient, economical way.

With new challenges on the horizon, innovative logistics providers are seeing a demand surge as companies seek a strategic partner and technology enabler to design and deliver integrated solutions such as multi-modal domestic transportation sourcing, international logistics management, transportation management system (TMS) applications, supply chain analytics and other services to help clients adapt. Beyond traditional freight optimization, shippers seek to enhance operations in all modes, including parcel shipping with advanced analytics to improve network alignment and create value for the end customer. Bundled solutions can close the loop on end-to-end supply chain visibility. Not surprisingly, companies looking to accelerate competencies are choosing to buy versus build supply chain services to adapt exponentially faster and understand total cost to serve B2C and B2B customers to make better, quicker business decisions.

E-commerce revenue is expected to double by 2020. Many businesses focused on fulfilling customer demands in the last-mile/last-minute realm are feverishly adjusting internally to this reality—or are teaming with a logistics provider capable of implementing those changes for them. Competitive agility and adaptability through parcel logistics optimization, parcel auditing, advanced parcel shipping analytics, heavy home delivery and LTL and Truckload optimization help shippers win the multi-modal, omni-channel race to the customer.

Rick Brumett is VP of Client Solutions at Transportation Insight and a recognized supply chain thought leader. With 30 years’ industry experience, Brumett has expert-level knowledge of global transportation networks, warehousing and retail distribution. Transportation Insight is an Enterprise Logistics Provider offering end-to-end services including Parcel, LTL and Truckload solutions, technology, big data, supply chain optimization, Extended LEAN® value chain strategy and more. In the 3PL/4PL marketplace, Transportation Insight’s intellectual capital and Co-managed Logistics™ style of client service have helped the company earn a reputation among clients as an expertise multiplier. The company blends transformational solutions with client expertise to enable North American shippers to accelerate change and grow faster than the competition.
Big Data: Breaking Down Key Information and Putting It to Work

Just mention the word data today and most people will envision something akin to a spinning galaxy full of ones and zeroes that is beyond comprehension. But data doesn’t have to be that way. Big data isn’t this giant nebulous of information that only analytical geniuses can understand. Rather, big data is everywhere and when we break it down to the smaller levels, we start to find new types of data that is usable for everyone and that can benefit our customers and build a stronger advantage competitively.

In the trucking industry today, virtually everything is trackable and translates into data. Freight and truck tracking, credit scores, fuel prices, insurance certificates, pricing, service levels—these are just a few examples of areas that are tracked and monitored every day. The key to using big data is to understand what story the data is telling and determine what parts of that story are relevant to you and your organization.

For example, let’s look at the spot market. From data gathered by Truckstop.com, we can monitor available capacity, available freight, posted and paid rates, and overall freight movement down to the lane and equipment type. In fact, we can determine where capacity will be tomorrow or next week based on this data. The data also provides us with a look at the pressure in the spot market. This pressure is expressed in the MDI (Market Demand Index). As the MDI rises, capacity is getting tighter and the market proves to be in favor of the carrier. As the MDI drops, the capacity loosens and the market proves to be in favor of the broker.

So what does this all mean? What story is the spot market data telling us? Spot market transactions make up nearly one third of all truckload transactions. The spot market also moves a little quicker than the contract market. The spot market proves to be a good indicator for the pulse of the entire market. Add in some benchmarking of your own internal metrics and you have a better understanding of where the market was, where it is, and where it is going. This gives you the ability to make quicker decisions when tendering loads, negotiating rates and even onboarding carriers.

In 2013, strategist David McLellan described big data as “building new analytic applications based on new types of data, in order to better serve your customers and drive a better competitive advantage.” In five years, he said, the description of big data will fit efforts that look nothing like data as we know it today. Even if it is referred to by a different name, he said, the definition of big data will still fit.

In essence, the data is there. Big data is broken down into smaller bits and those bits can be used by companies to structure data and use it in the best way possible to benefit their operations. Understanding data doesn’t necessarily call for top analysts or world-class physicists to figure out and understand the information presented. Yes, it takes a little bit of work to understand the data and to put that data into action, but data isn’t going away. Data, as with technology, continues to evolve. In five years, the data may tell us a different story of the industry. Will we rely more or less on data’s story? You decide.

In 2016, Truckstop’s MDI and Total Rates were as follows:

- **Week of Jun 12**: $1.96
- **Week of Jun 19**: $1.96
- **Week of Jun 26**: $2.02
- **Week of Jul 3**: $1.99

Source: FTR, Truckstop.com – www.trans4cast.com
Is Transportation Management Your Core Competency?

When evaluating your needs for a Transportation Management System (TMS) it’s important to look beyond technology and consider who will manage planning and execution. How do you determine if outsourcing to a Managed Service Provider (MSP) will deliver greater value than developing an in-house team?

Making the Decision:

■ **Evaluate your core competency** – Is your expertise in transportation and logistics or in another area? To keep your focus on revenue generation and business operations, you may need to consider partners with capability and capacity to tend to other important details, such as delivering product on time, safely, and at the lowest total cost.

■ **Leverage an MSP’s scale** – Outsourcing to an MSP will most certainly afford you advanced technology at a lower cost. It should also enable you to tap into broader capabilities such as lower freight rates and technology-savvy staff.

■ **Quick deployment** – Your company needs the ability to tap into a network that is already up and running, and staffed by fully-trained industry experts. Look for a company that understands the value of a successful implementation and can deliver on commitments. Make sure they have a formal, documented on-boarding process.

■ **Ability to ramp up quickly** – Outsourcing managed transportation services enables flexibility by tailoring staffing to your needs (e.g. freight execution, freight audit, bid management). You immediately gain access to experts in each area.

Selecting the Right Partner:

■ **Trust** – You need to trust your MSP to make the best decisions on your behalf. Select a partner that you feel has your best interest at heart, aligns with your company’s culture, works to thoroughly understand your company’s needs and has a process to continually evaluate, adjust and improve. Always check references. Your provider’s service to their other customers is a key indicator of the service they will provide you.

■ **Service** – How and when your product arrives is the measure your customer uses to evaluate your performance. You need a transportation service provider that works as hard as you do. They are front line representatives of your company. Select a partner that understands their vital role and offers more than simply making phone calls to your carriers. A partner should provide solutions when your business faces challenges and optimize your transportation so you provide high quality, consistent service to your customers at a lower cost.

■ **Process** – Make sure your partner outlines the “how” and fully understands your current process and your business. Without a formal business review process, they are unable to do that. In addition, your partner should document the new process through new SOPs and routing guides. This defined process should outline your agreement so they understand decision-making authority, the process for the day-to-day activities, and how to handle exceptions.

■ **Tailored Solution** – In today’s environment, there is an abundance of technology platforms with very competitive offerings. Make sure to select a company that understands that your needs may not be out-of-the-box. Invest time with your partner by sharing your company’s goals and current business challenges. In return you should receive a solution that addresses your concerns and also supports your objectives. One solution does not fit everyone.

■ **Knowledge & Agility** – Finally, make sure your MSP is agile. Ask about hiring and on-going training to ensure their staff is current with the latest industry and technology trends. If the MSP does not understand the complex and dynamic nature of logistics, they will be challenged to answer your questions and advance your business. And then, they are just a software provider. You are looking for an expert, a true logistics service provider.
A 3PLs’ greatest asset is its employees. Material handlers who care about their jobs will commit to putting products away safely and accurately, using “First-In, First Out” methods, directed put-away technology, advanced barcode scanning, or some combination thereof. Treat your employees well, providing them with a fulfilling, safe, and profitable workplace, and they will treat your customers’ products as if they were their own. Equally important is the concept of instilling in your employees the urgency with which products need to be put away in safe storage spaces. Careful handling results in high-quality products shipping out to the client’s customers, cementing your client’s reputation as a reliable brand.

Customer Service

Saving your client money and fulfilling its business rules arguably are the biggest components of the company’s customer service, allowing your client to brand itself as a competitively priced “rapid responder” in its respective industry. However, your 3PL’s own face time with the client is important, too. Provide your clients with dedicated client service representatives, account managers or both. These professionals can help your client change aspects of its supply chain that are not working, such as observing flaws in its order entry system or noticing defects in shipping materials the client uses to ship orders. Communication and a pair of human eyes—or several—watching over clients’ inbound and outbound products, whether virtually through an Order Management System or in person as a warehouse facility manager, add personal touches to your relationship with your client.

Additionally, automated programs can catch mistakes but lack the analytical ability to determine why mistakes are happening and prevent them from occurring in the future. Less shipping and storage mistakes deeper in your client’s supply chain, starting with your 3PL’s services, mean happier end customers touting your client’s name as a leader—“the best”—in its industry.

Cost Savings

Carrier Brokerage—Save your client money so it can pass along savings to its own customers. Your 3PL can do this by brokering the best possible carrier rates for your client, whether your business uses an effective, built-in Transportation Management System (TMS) that automatically sets up auctions for carriers to bid for business, uses load planners to broker carriers, or some combination of both. Carrier brokerage is a win-win for your 3PL and client, adding profit to your 3PL’s bottom line, saving the client on overall transportation spend, and securing future business with the client, provided the carrier performs well.

Regarding carrier performance and accountability, a TMS with capabilities to track and report carrier performance, including actual delivery and pickup times, can provide value for both your 3PL and your client. Consider a TMS with these functions.

Deliveries and pick-ups made on time, accompanied by a friendly demeanor and professional attitude, reflect your client’s ability to handle last-minute and well-ahead-of-time requests.

Storage Space—Be willing to accommodate a client’s need for multiple pricing options, such as storage costs by the pallet, square foot, linear foot, or pound. The flexibility might make the client’s rate contract more complicated, but it will allow the client flexibility it can pass on to its own customers when fulfilling orders. Today’s competitive retail market demands that companies fulfill orders rapidly and accurately. Allowing a company latitude and freedom to handle last-minute and well-ahead-of-time requests.

Efficiency

Product Put-away—A 3PL’s greatest asset is its employees. Careful handling results in high-quality products shipping out to the client’s customers, cementing your client’s reputation as a reliable brand.

Order Fulfillment—Similar to careful product put-away, quick-acting and motivated employees will work hard to ensure the client’s customers receive their retail products as soon as and in the best condition possible. Provide employees with the technologies they need, like hip-mounted shipping label scanners and printers, RFGen, touchscreen tablet inventory systems and more, to fulfill orders. Some e-commerce companies promise customers same-day shipping—or even same-day delivery! These changing expectations in the retail industry put additional pressure on 3PLs and their employees to fulfill orders in an organized and appropriately prioritized fashion. Your e-commerce customer will thank you when its customers write glowing online reviews praising the company’s prompt delivery times.

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Become an Extension of Your Client’s Brand

A 3PLs perform help shape their clients’ outwardly facing reputation. Here are the most effective ways to become an extension of your client’s brand.

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Survey Says: Invest in Warehouse Technology

It’s no secret that e-commerce is changing the landscape of warehousing. Forrester Research estimates online sales in the U.S. will increase 56 percent—from $335 billion to $523 billion—over the next five years. Coupled with ever-growing consumer expectations for instant gratification, the pressure on warehouses is set to grow exponentially.

So how do industry leaders plan to keep up with these unprecedented demands? The short answer is technology investment. A recent survey of more than 1300 IT and operations warehouse professionals across 12 countries revealed some compelling trends.

By the year 2020:

- 75 percent of decision makers plan to adopt more modern, full-featured warehouse management systems (WMS).
- 73 percent plan to equip staff with advanced visibility, barcode scanning and/or computing technologies.
- 76 percent anticipate investing more in real-time location systems that track inventory and assets throughout the warehouse.

The numbers are clear. If you’re not planning to upgrade your warehouse technology, you’re in the minority. Let’s delve deeper into this survey, conducted anonymously for Zebra, and explore what the warehouse of tomorrow might look like.

Leaner, More Streamlined Operations

According to the Zebra Warehouse Vision Report, 76 percent of businesses are planning to increase the number of warehouses and distribution centers, while 61 percent plan to reduce space expansions and relocate existing structures. This would result in a greater number of smaller facilities, spread farther apart. In addition, 58 percent plan to invest in warehouse/truck loading automation technology.

The intent? Slash transportation costs (a major factor driving change according to 43 percent of respondents), speed up delivery times (critical to 41 percent of those surveyed), and take full advantage of new supplier and partner locations (important to 32 percent of decision makers).

A More Productive, Connected Workforce

Forty-six percent of respondents cited labor performance/productivity and order turnaround time as the largest order picking and fulfillment issues, with order accuracy just behind at 41 percent. Considering that picking and fulfillment typically comprise 70 percent of a facility’s operating costs, it’s no wonder industry leaders are laser-focused on making improvements in this area.

Equipping staff with advanced technologies such as wearables, mobile handheld computers and tablets can significantly impact your bottom line. For instance, multi-modal wearable solutions take advantage of the full spectrum of workers’ capabilities by:
- Enabling voice-directed, hands-free picking
- Allowing staff to view items and pick locations on screen
- Simplifying barcode and RFID tag scanning
- Facilitating easy input of information via touchscreen

The result? According to recent data, multi-modal wearable solutions can improve picking and fulfillment productivity by 15 percent and reduce errors by 39 percent.

Complete Visibility

The survey revealed that 62 percent of warehouse professionals plan to invest in the Internet of Things (IoT) to gain unprecedented visibility into every facet of the supply chain.

As the application of the IoT, radio frequency identification (RFID) technology gives managers the ability to know the precise location of everything from individual pallets to cases to SKUs at any given moment. No wonder over half of survey respondents plan to more than double their usage of RFID for cycle counts and inventory validation by 2020.

As retailers strive to merge physical and digital operations, cut transportation costs and improve efficiency, the transition to best-of-breed, real-time warehouse management systems is nearly ubiquitous. But perhaps the most enticing aspect of the warehouse of tomorrow is that it can be achieved today. See the full Zebra Warehouse Vision Report to learn more (www.zebra.com/warehousing2020).

Offering an unparalleled portfolio of enterprise-level solutions, from RFID, barcoding and mobile computing to wearables, printers and software, Zebra is committed to making businesses as smart and connected as the world we live in. www.zebra.com/warehouse

Got 3PL challenges? Get free expert solutions at inboundlogistics.com/3pl
3PL Customer Service Specialization

Defining customer service can be difficult. Measuring it is even harder. Sometimes ambiguous, customer service is more than being courteous and helpful, it’s also about being knowledgeable. To solve complex problems, and to do so with speed, a 3PL must know a shipper’s needs inside and out.

While intricacies of certain shippers and receivers will always be relevant, industry expertise is the most impactful way to positively affect customer service requirements. This is a growing concern as changes in consumer demands, technology expectations, and trucking regulations are pushing for a major shift in transportation toward niche specialization.

So don’t settle for lackluster customer service. Today’s marketplace is bursting with 3PLs to choose from. Make sure the one you work with sets internal standards that align their performance expectations to the expectations your customers have for you, and that specialize in the knowledge areas you need. Here are a few things to consider:

Culture

Look for a 3PL that has a service-first culture—one that looks beyond singular transactions to provide value to customers every day and live out its purpose in every interaction. Determine whether that stated culture is truly driving decision making, or if it is just sales-speak. Are the people serving you empowered to meet your needs at all costs, or is wide profit margin the primary objective and performance measure? Companies that internally reward customer service are dedicated to making it a priority.

Also, find someone who values the same things you do. Without organizational alignment, partnership is just a word. If misaligned on core business ideals, it will be almost impossible to see eye-to-eye on customer service standards.

Communication

How do you define customer service excellence? This has to be an ongoing conversation between 3PLs and their customers. With so many different ways to outline, partners must ensure they are on the same page.

Honesty and trust are huge factors, and only providers that truly value partnership are motivating their staff to stick to these standards. Many 3PLs push their people to show growth at all costs, which can motivate their business development teams to say “yes” to all asks, even if they are unequipped to service a particular need. Honesty doesn’t mean delivering the pricing and scope-of-work assessments that a customer wants to hear. It means providing achievable expectations on sustainable pricing to ensure the client’s best interest is priority number one.

Integrity is also important. Look for service providers who are accountable to their own mistakes, and who proactively communicate potential issues. No matter the situation or which party is to blame, your 3PL should be about identifying resolutions, not avoiding ownership.

Equally important is evaluating the level of transparency in your transportation costs and visibility into performance metrics. Is your provider communicating with you enough? Do they have technology solutions in place that give you access to performance data? This could look like daily or hourly updates on order statuses, live tracking, not having to constantly ask for information, or availability of deeper KPIs.

Measurement

Surveys are the most traditional way to evaluate customer service performance, but continually asking customers for feedback can get cumbersome.

For more regular measurement, 3PLs can leverage hard data. Once you communicate what customer service looks like, set well-defined metrics around those standards and regularly evaluate whether they are being met. Is average response time within the parameter set? Do representatives provide updates and proactive solutions for all possible issues? Do you have the levels of visibility you require?

In today’s transportation marketplace, demand that your service providers meet your customer service standards and know your business. Specialists who are service-oriented will consistently meet, and often exceed, your needs because the two of you will be working toward common goals. Just make sure to set those goals in advance and continually evaluate.
CROSS-BORDER TRADE IS ON A ROLL

U.S.-Canada trade will continue to be a mutually beneficial partnership, as long as shippers keep their eye on the ball.
When Canadian Prime Minister Justin Trudeau met with President Barack Obama in March 2016, the two leaders agreed on many important topics of discussion except one: Hockey.

While Obama boasted about the skills of his hometown Chicago Blackhawks, Trudeau pointed out that several of the Windy City team’s star players hail from Canada.

The warm give-and-take between the two leaders is emblematic of the relationship between the nations they represent. That relationship is especially true when it comes to cross-border trade.

History of Friendship

Trade between the two countries totals more than $2 billion daily in goods and services. About 300,000 people cross between the countries every day by all modes of transportation. “In fields ranging from security and law enforcement to environmental protection to free trade, the two countries work closely together on multiple levels, from federal to local,” according to the U.S. Department of State.

“The United States and Canada share the world’s largest and most comprehensive trading relationship, which supports millions of jobs in each country,” the State Department officially reports, adding that the bilateral relationship is “one of the closest and most extensive in the world.”

And what some might consider best of all: “The United States provides no foreign assistance to Canada.”

At the same time, the United States is Canada’s largest foreign investor, and Canada is the third-largest investor in the United States. While trade between the two countries is far less restrictive than it is between most others, manufacturers on both sides of the border are wise to enlist the expertise of service providers well informed on ever-evolving rules and regulations.

When trade disputes do occur, they are managed through bilateral consultative forums or referral to North American Free Trade Agreement (NAFTA) or World Trade Organization (WTO) dispute-resolution procedures. In 2012, Canada joined the United States and other countries in negotiating the Trans-Pacific Partnership regional trade agreement.

NAFTA, an agreement among the United States, Canada, and Mexico, has reduced trade barriers and established agreed-upon rules. It resolved longstanding bilateral issues and liberalized rules in areas such as agriculture, services, energy, financial services, investment, and government procurement. The Regulatory Cooperation Council seeks to stimulate even more trade by increasing bilateral regulatory transparency and cooperation, and eliminating unnecessary differences and duplication that hinder trade and investment.

The strength of the U.S.-Canada relationship extends much farther back than these fairly recent bilateral agreements.

Both countries have British roots and have long bonded over their shared ancestry. While political differences inevitably occur, the level of harmony and respect between the countries has been remarkable.

Mutual Reliance

No wonder the intersection of the United States and Canada represents one of the largest trade borders in the world, but also one of the friendliest. “I don’t think a relationship can get much better,” says John Costanzo, president of Purolator International, a U.S.-based freight forwarder that provides cross-border logistics services between the United States and Canada.

The strong trade relationship between the two countries is built on mutual reliance. “We are co-dependent on each other and I don’t see that changing any time soon,” Costanzo says. It is Purolator International’s role to help companies capitalize on this already good situation.

Purolator International — based in Jericho, N.Y., about 25 miles from New York City — helps U.S. companies navigate their trade to, from, and within Canada. As a subsidiary of Purolator Inc., a Canadian Crown corporation, Purolator operates some 30 branches in cities across the United States.

“We have unique access,” Costanzo says. “Our primary business is serving U.S. companies that trade with Canada. We excel at transportation management and freight forwarding, and are always expanding our logistics services to better enhance the value and efficiency of customers’ supply chains.”

That includes helping U.S. companies that may not currently ship to Canada to consider exporting. In today’s business world, customers can exist across the globe, and companies can miss an opportunity to grow and expand if they do not consider international trade. As a result of that strategy, Purolator International has doubled its business in the United States over the past five years.

For smaller companies, initiating cross-border trade may be a big step. “Small and even mid-sized companies are nervous about cross-border trade,” Costanzo says. Purolator International, however, stands.
Don't worry, we know all the shortcuts

Canada is closer than you think because we know all the shortcuts. As the only company that focuses exclusively on shipping to Canada, Purolator has unmatched expertise in crossing the border. And we deliver to more Canadian businesses and customers than any other shipping company in the world. So if you’re considering expanding your business into Canada, then you should be considering Purolator to help get you there. Because Canada shouldn’t feel like a world away. Call us to find out what makes Purolator a smarter, faster, and easier way to ship to Canada.

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ready to guide them through the process in order to build a long-term, multi-dimensional relationship.

“We are not a transactional service provider,” Costanzo says. “We are a logistics company. We provide advice on entering the market and improving trade strategies.”

He adds that both Purolator Inc. and Purolator International have a diverse customer base. “The conversation is different for an industrial company than for an e-commerce firm,” he says.

While the border between the United States and Canada is relatively soft in contrast to trade relationships with most other countries, compliance issues still require expertise to navigate.

“Shippers do have to understand the rules and regulations,” Costanzo says. “They have to know how to classify goods properly. And they have to consider the issue of returns. The regulations are not onerous, but shippers have to do things right.”

Get With the Program

One element of doing things right may involve achieving Non-Resident Importer (NRI) designation. A NRI is a company or individual who does not reside in Canada, but elects to act as the Importer of Record (IOR) for a shipment, or shipments, imported into Canada. “NRI is an excellent program,” Costanzo says. “Most companies that make a serious commitment to Canada choose this status.”

Also of benefit, especially for companies shipping low-value items, is the Free and Secure Trade (FAST) program, a commercial clearance program designed to ensure safety and security while expediting trade across the border.

Regardless of company size, or the type or volume of trade, the Automated Commercial Environment (ACE) program will soon become the single window for the trade community to report imports and exports, and for the U.S. government to determine admissibility. As the primary system ACE will streamline and automate manual processes, and eliminate paper. In addition, importers and exporters will be able to more easily and efficiently comply with U.S. trade laws and regulations.

While some of these regulations may seem daunting, “all the elements are highly aligned and harmonized to streamline trade between the United States and Canada,” Costanzo says.

With that in mind, Purolator International endeavors to keep all trading partners on key. “Cross-border trade may be only a small part of a company’s business, but it is our focus, 100 percent,” he says.

Reaching all 36 million Canadians efficiently and cost-effectively requires multiple strategies designed to optimize access to customers both near and far. “For example, the United States. “The countries are like brothers and sisters; we depend on each other a lot.”

Headquartered in St. Albans, Vt., Deringer combines more than 30 U.S. offices with a global agency network to facilitate the movement of cargo throughout the world. The company is a leading provider of international supply chain solution services including international freight forwarding, warehousing and distribution, customs brokerage, logistics consulting,
At Saia, we know there's nothing more important to our customers than reliable pickup performance and on-time delivery — and it all starts the second your shipment enters our system. That's when our entire team gets to work: optimizing transit routes, sharing critical information and tracking progress in real time using state-of-the-art technology. And with many of the industry's most committed and experienced drivers at the wheel, Saia isn't simply moving freight. We're delivering confidence and peace of mind — because your name is on the line.
U.S.-Canada Trade Winds

- U.S. goods and services trade with Canada totaled an estimated $662.7 billion in 2015. Exports were $337.3 billion; imports were $325.4 billion. The U.S. goods and services trade surplus with Canada was $11.9 billion in 2015.
- Canada is currently the U.S.'s second-largest goods trading partner with $575 billion in total (two-way) goods trade during 2015. Goods exports totaled $280 billion; goods imports totaled $295 billion. The U.S. goods trade deficit with Canada was $15 billion in 2015.
- Trade in services with Canada (exports and imports) totaled an estimated $87.5 billion in 2015. Services exports were $57.3 billion; services imports were $30.2 billion. The U.S. services trade surplus with Canada was $27.1 billion in 2015.
- According to the Department of Commerce, U.S. exports of goods and services to Canada supported an estimated 1.7 million jobs in 2014 (latest data available) – 1.3 million supported by goods exports and 394,000 supported by services exports.

A Holistic View

Currently, U.S. Customs and Border Protection (CBP) and the Participating Government Agencies (PGAs) are collecting more import data. As a result, the need for compliance management is increasing significantly and Holzscheiter recommends that shippers deepen their appreciation for compliance issues they may face at the border.

“The industry needs to understand that the need for compliance is greater than it ever has been before,” he says. “That’s why we are helping shippers look at cross-border trade holistically. We can’t forget the importance of audit and review programs.”

On the plus side, Holzscheiter says, the U.S. Food and Drug Administration (FDA) has entered into an arrangement with its counterparts in Canada that will facilitate the movement of FDA-regulated commodities between the two countries. The FDA’s agreement with the Canadian Food Inspection Agency (CFIA) and the Department of Health Canada (Health Canada) is to recognize their food safety systems as comparable to each other.

When the program will be fully in effect has not yet been established. But, Holzscheiter says, in the long run it will benefit shippers on both sides of the border because customs agents will legally be allowed to accept the results of inspections on the other side. “In the long term, this will improve the ease and flow of freight movements,” Holzscheiter says. “It should make border crossings easier and faster.”

Another factor that will be advantageous for trade between the countries is the raising of the de minimis exemption, announced in March 2016. As agreed in the Trade Facilitation and Trade Enforcement Act of 2015, signed by President Obama in February, the value of a shipment of merchandise imported by one person on one day, that generally may be imported free from duty and taxes, was raised from $200 to $800.

“This will be particularly helpful to companies involved in the emerging e-commerce market,” Holzscheiter says.

Meanwhile, the value of the Canadian dollar remains highly favorable for goods exported from Canada to the United States. These favorable conditions are expected to remain for the foreseeable future.

From the global city of Halifax, the provincial capital of Nova Scotia, the perspective on U.S.-Canada border trade is favorable indeed.

“The Port of Halifax sees growth opportunities in the key markets of Quebec and Ontario in Canada, and in Detroit, Chicago, and Indianapolis in the United States,” says Lane Ferguson, communications advisor for the Halifax Port Authority.

Among its advantages, this Atlantic Ocean port in eastern Canada is a naturally deep, ice-free harbor. “We have invested $250 million in port infrastructure since 2004 to make sure Halifax is ‘big-ship’ ready,” Ferguson says. “There is 16-meter draft at each container terminal and the terminal operators have invested in post-Panamax cranes to accommodate larger vessels. In August 2015, those large vessels (more than 8,000 TEUs) started calling as part of new and expanded services connecting North America to Southeast Asia via Halifax.”

“As Canada’s Ultra Atlantic Gateway (for vessels of 10,000 TEUs or larger), the Port of Halifax has room to accommodate import and export growth,” Ferguson adds. “The terminals have capacity, and the vessels have available slot space. As a port community, we are working together to utilize that capacity. Our focus is, and has always been, working with our local, national, and international partners to create the conditions for business development in Halifax.”

Ferguson sees numerous benefits to moving goods through Halifax. “Changes
WE KNOW WHAT IT TAKES TO GET IT THERE NEXT-DAY.

New Penn, the next-day delivery leader with 98% on-time delivery service, has the regional know-how to ensure that your shipments are always delivered on time. From the northeastern United States to Quebec, Toronto and Puerto Rico, New Penn is proud to be a Quest for Quality Award Winner for 19 years. Be in the know. Call 800.285.5000 or check out newpenn.com/nextday today!
in the value of the Canadian dollar have created a built-in incentive of about 20 percent due to the difference in currency exchange rates,” he notes. “There is also a significant cost difference in the price of bunker fuel. It takes time for the supply chain to adjust, but these are the types of changes that benefit exporters.”

Halifax is a full-service port that boasts low dwell times, low congestion, available capacity, and steady, reliable labor. The port connects to 150 countries worldwide.

The Port of Halifax is working closely with supply chain partners to deliver value and common purpose by minimizing transit times, reducing operating costs, and mitigating risks. “We are working to create the conditions for businesses to grow, resulting in economic growth,” Ferguson says, adding that the Port Authority works to help manufacturers navigate the regulations governing border traffic.

“As a port authority, we work with shippers, third-party logistics companies, cargo owners, international terminal operators, and others in the supply chain to promote the advantages of moving cargo through our port—available capacity, big-ship ready infrastructure, and currency value,” he says.

Here Come the Big Ships

Shippers particularly need such expertise as shipping routes evolve due to the Panama Canal expansion project.

“The evolution of big ships will continue to reshape global trading routes,” Ferguson says. “Many of the largest vessels in development will be deployed in high-traffic, high-return shipping routes, which is leading to a cascading effect: Vessels deployed along the North America/European Union trade lanes are being replaced by larger ones; among the largest to call on the east coast of North America.

“Fortunately, Halifax has been preparing for this evolution for some time, and we are seeing it now with some of the new services connecting Halifax to Southeast Asia,” he adds. “We expect this evolution will continue among other trade routes.”

To support import and export growth, the Halifax Port Authority launched enhanced container tracking software in January 2016, and has been aggressively marketing the Port of Halifax through its “Small Change, Big Impact” campaign.

Among other things, the campaign focuses on the port’s key advantages:

- Connection to 150 countries
- 20 shipping lines
- Deep container terminals
- World-class infrastructure
- Ready for big ships
- Super post-Panamax cranes
- 1,000 reefer plugs
- 1.4 million TEU capacity with room to grow
- Intermodal rail and truck connections daily
- Reliable, efficient, dedicated labor

Shared Vision

When Obama and Trudeau met, they released a joint statement that focused, among other things, on their respective visions pertaining to many international concerns: climate change, clean energy, the environment, national security, regulatory cooperation, and even the Zika virus.

Also figured prominently on that list were concerns regarding U.S.-Canada trade.

“The United States and Canada share the goal of enhancing shared prosperity, creating jobs, protecting workers and the environment, and promoting sustainable economic development,” according to the Obama-Trudeau statement. “Recognizing that the Trans-Pacific Partnership, which links together countries that represent nearly 40 percent of global GDP, would advance these objectives, Canada and the United States are working to complete their respective domestic processes.”

While details of the Trans-Pacific Partnership have stirred up aggressive and divided opinions in the United States, conversations between Obama and Trudeau on the subject illustrate the spirit of cooperation and collaboration that marks the cross-border trade relationship that long has served both countries so well.

Following their meeting, the two leaders highlighted the need to further facilitate trade between their two countries. As an example, Obama welcomed Trudeau’s interest in a new long-term agreement for softwood lumber. The leaders agreed that the U.S. trade representative and the Canadian minister of international trade will intensively explore all options and report back on the key features to address this issue.

In addition, Obama noted recent legislative and regulatory action to repeal country-of-origin labeling requirements for beef and pork that bring the United States into compliance with its international trade obligations.

All of which underlines that the mutually beneficial trade relationship between the two countries is, indeed, an excellent bet long into the future.
When it comes to logistics, it’s important to have all of your “ducks in row.” At Deringer, we have a culture of compliance and comprehensive customer care. This means that we work hard every day to deliver value to you with integrated supply chain solutions.

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The supply chain sector is facing an age problem. By an informal count, the majority of logistics company CEOs are 50 years old, or older, and the pipeline of up-and-coming talent to replace them is running thin. The same trend holds true for the supply of prospective chief supply chain officers within global manufacturers and retailers.

More formal research bears out these assertions. According to a 2015 Deloitte study, 75 percent of current supply chain executives report having difficulty recruiting senior-level leadership. An additional two-thirds of those polled find it difficult to recruit individuals for director-level jobs.

This “graying” of supply chain leadership poses a growing problem for an industry that faces a shortage of talent at nearly every level.

While much of the industry is grappling with this succession plan, there are exceptions — companies in which younger CEOs are thriving. These include start-up third-party logistics firms, emerging technology companies, family-owned logistics businesses, and, less frequently, joint ventures. The younger CEOs in these businesses, like their older counterparts, are passionate about what they do.

When it comes to bringing a fresh perspective to the supply chain, age is just a number.

By Lisa Harrington

### Young Leaders

**SHARE SECRETS TO SUCCESS**
As Inbound Logistics discovered by interviewing five CEOs in their late 30s or early 40s, the younger generation brings its own brand of management style to running their companies. We asked for their perspective on what it’s like to be a young CEO, and how they approach leadership:

- **DAVID BANG**, CEO of LifeConEx and Global Head of DHL Temperature Management Solutions, the temperature management specialist unit of DHL Global Forwarding and former joint venture between DHL and Lufthansa Cargo

- **TODD BERGER**, CEO and founder of Redwood Logistics, a third-party logistics service provider start-up located in Chicago

- **JOHN GOLOB**, CEO and co-founder of Lanetix, a San Francisco-based start-up backed by Salesforce.com that helps shippers collaborate with their third-party logistics companies

- **JASON LAFFERTY**, CEO of SnoTemp, a family-owned cold chain storage provider based in Albany, N.Y.

- **NICK PEDNEAULT**, CEO of Congebec, a family-owned cold chain logistics company based in Quebec, Canada

All five CEOs run their companies based on a firm set of core values. “CEOs must be very clear about the company’s values right from the beginning, and balance these principles to enable growth,” says John Golob of Lanetix.

“Right from the beginning, we mapped out our beliefs and behaviors that we use for hiring, customer agreements and relationships, performance parameters, and every other area of our business,” Golob says. “These core tenets form the foundation of the company.”

From the interviews, six such tenets emerged. The CEOs discuss them in the context of their own experiences.

1. OBSESS OVER YOUR CUSTOMERS.

Golob’s first tenet for success is simple: Focus everything you do on your customers, obsessively. He constantly asks: What is the customer’s experience? How can we make it better?

“Our mission is not predicting where the supply chain industry is going, but aligning our interests with our customers’ interests 100 percent,” he explains. “Jeff Bezos of Amazon is religiously focused on the customer’s experience. That’s how we want to operate.

“Located in the Silicon Valley area, we see a lot of start-up CEOs who have a vision for the industry and spend an enormous amount of time telling people why their vision is right,” Golob continues. “We don’t do that. We solve our customers’ pain and help them succeed. We focus all of our energy on that goal.”

Because Lanetix provides Software-as-a-Service solutions, it must constantly earn its customers’ business by delivering more in services, technology, and innovation. To do this, the company brings clients into the product development process. Its engineers frequently sit down with customers, go through the application’s features and functions, and brainstorm improvements.

Lanetix also uses its advisory board, comprised of industry experts, to shape the company’s strategy and tactics. “You’ll find our customers’ and advisory board’s signatures across our solutions, company roadmap, and vision,” Golob notes.

Todd Berger, CEO of Redwood Logistics, also views customers as a source of innovation. “We are a mid-market company, so we have the ability to go deeper into our customer relationships than some of our bigger competitors can,” he explains. “This means we can be close partners, working together to constantly improve. Everyone wins when we do this.”

2. BE RESOURCEFUL AND IMAGINATIVE.

In a start-up or smaller company, resources usually are constrained. This forces CEOs to find ways of doing more with less. “We have to be resourceful and creatively frugal,” Golob says.

To illustrate, he tells the story of attending a conference, where the newly retired CEO of a major corporation was asked to reveal the most valuable lesson he’d learned during his career. The CEO recalled leading an Outward Bound trip during his early twenties, where he divided the group into two teams, and charged them with solving a problem using alpine cord.

He gave one group three yards of cord; the other group got an unlimited amount. The group with the three yards came up with the most creative solution. The constraint of having less cord forced them to innovate.

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Help Wanted

If the supply chain sector is to keep evolving, maturing, and growing, it needs a steady source of fresh talent, particularly in the executive ranks. “We need more younger executives in this industry,” insists David Bang, CEO of LifeConEx. “Whenever I give a speech to a non-logistics group, I advocate for the entire industry. I want people to understand what a great opportunity it offers.”
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“In a start-up,” Golob observes, “we have to be like the group with three yards of cord. We have a finite amount of resources, so we have to be more imaginative in how we use them.”

3. BUILD A “FULL-STACK” FOUNDING TEAM.

In the technology sector, a highly sought-after prospective employee is the “full-stack” developer. This person is comfortable working with all the technologies required to develop an idea and carry it through to a finished product.

That’s what the logistics founding leadership team needs to be, from the CEO to head of engineering and leader of customer success.

The chief executive must have the right skills to run the company based on its life-cycle stage, whether it’s a start-up or maturing business. “Together with our two co-founders in engineering and customer success, we take an end-to-end view of the business and our roles in running it,” says Golob. “This means each of us needs to be good at running the company through every phase of its life cycle. Each phase carries a different set of challenges and requirements.”

Succeeding at being an end-to-end CEO is not easy. “Some CEOs are good at running a start-up but not as good at managing a maturing company,” Golob notes. “Others are good at the reverse. They require a different set of skills, which makes it challenging.”

Nick Pedneault, CEO of Canadian-based cold storage provider Congebec, agrees. “Companies at different stages need different things,” he says. “I don’t think I have what it takes to start a company. My father did that. But I have what it takes to take the company further, and that’s what we need right now.”

4. THINK LIKE A START-UP.

Stick to the basics and manage your company like a start-up. That’s how Pedneault expects to grow his business. He uses aggressive expansionist strategies normally found in start-ups, but draws on the benefits of having the increased revenue stream of an already established company to fund expansion.

“This means we can afford to take risks that a true start-up may not be able to take,” Pedneault says.

Pedneault understands that not every new venture or risk will succeed. “We accept that we will make mistakes,” he notes. “But we must be willing to take risks in order to grow our client base and drive innovation.”

Thinking and operating like a start-up has another characteristic that works out to be an advantage: simplicity. “One of our strengths, and core values, is being easy to do business with from the customer’s perspective,” says SnoTemp CEO Jason Lafferty. “We find ways to say yes, no matter what the question.”

5. BLOW UP CULTURAL TRADITIONS.

One benefit of being a young CEO in a smaller company is being able to create your own culture. “I don’t have the patience for hierarchy and unnecessary bureaucracy,” Berger says. “We have an open floor plan and an open office policy. I often find meetings going on in my office without me, because employees needed the space. We don’t stand on ceremony here.”

David Bang, CEO of LifeConEx, believes in being transparent and encouraging employees to take an active role in guiding the company’s direction.

“We have a clear and simple shared vision,” he explains. “Together, we create that vision and plan how to execute it. We use town halls and other one-on-one meetings to do this. By planning together, everyone buys into the strategy. And then we have fun making it happen.”

Creating an environment where people have fun at work is important to all five CEOs. “Our people share a level of personal connectedness,” Berger says. “This is not just a place to work. It’s not just a job. It’s a family. People are driven to do better if the stakes are personal.”

As is the case with any business leader, younger CEOs must earn the respect of their employees. “You don’t earn the trust of your employees—especially the younger generations—by having a big title,” says Bang. “You need to earn their trust and respect by setting an example. If you ask everyone to cut costs, for example, you don’t fly first class.”

Outside the organization, chief executives also have to earn the respect of their customers and business partners. This is sometimes more difficult for a young CEO. “If you don’t have gray hair, people think you’re too young,” notes Berger. “Some people presume that I’ve been in logistics for about five years. But I’ve been doing this for 20 years. Once I prove myself, they forget about my age.”

Bang reports similar experiences. When he visits a prospective customer with his team, people often assume he is the assistant. “That works to my advantage,” he explains. “Suddenly they hear a younger person talking about a vision that matches theirs, and they’re pleasantly surprised. Any bias goes out the window.”
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Four Key Skills of a Logistics CEO

What does it take to be a supply chain CEO? According to Don Jacobson, president of Optimum Supply Chain Recruiters, high-potential CEO candidates must be strong in four key areas:

**Soft skills.** Logistics CEOs must be agile and resilient, able to change and adapt when business changes. This means staying out in front of market and customer trends, and responding with innovative strategies and solutions.

**Ability to foster talent.** Successful CEOs surround themselves with the best and brightest. This means not only finding the right talent, but also being able to mentor and cultivate that talent in every area of the business.

David Bang of LifeConEx credits his success, in large part, to mentoring. “I couldn’t have gotten where I am today without good mentoring,” he says. “All it takes is one manager to notice you, take you under their wing, and give you the opportunity to learn and be guided by them.”

**Knowledge.** Supply chain CEOs must have a working knowledge in many disciplines, both internal and external to the company. This means understanding finance, sales, IT, and other internal functional areas, as well as understanding the customer’s business and industry. “The CEO can’t be just a supply chain professional,” Jacobson says. “That’s far too limited a focus.”

**Technology expertise.** Supply chain CEOs and potential CEOs must stay abreast of the newest technological innovations that drive the industry. Knowledgeable CEOs “can differentiate between what is useful to the continued growth and efficiency of the company, and what is not,” Jacobson notes. “This knowledge can save their company millions of dollars.”
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Navigating the Customs Labyrinth

By Karen M. Kroll
In 2015, the value of goods imported into the United States topped $2.2 trillion, the U.S. Census reports. The number of trade-related rulings within the U.S. Customs and Border Protection (CBP) database tops 190,000, while the U.S. Harmonized Tariff Schedule spans 99 chapters. “It’s a bit of a labyrinth to bring goods into the United States,” says Amy Magnus, director, customs affairs and compliance with A.N. Deringer, a St. Albans, Vt.-based supply chain solutions provider. “But it works.”

Importers need to know what they’re doing, however. Ensuring goods proceed through Customs as smoothly as possible requires using “reasonable care with everything involved in international trade,” says Nick Mauro, director, global supply chain with Hampton Products International Corporation, a residential hardware, lighting, and travel security products company. Based in Foothill Ranch, Calif., Hampton Products imports more than 1,000 containers annually. Importers need to understand the relevant regulations, and ensure information such as product descriptions and classifications is complete, correct, and submitted to the CBP expeditiously.

Demonstrating reasonable care is not just a best practice — it’s a legal obligation. “The law says an importer must use reasonable care,” says David Craven, partner with Riggle & Craven, a Chicago-based law firm focused on international trade and customs law.

What’s more, the fines for violating anti-dumping or countervailing duty regulations can exceed the value of the goods themselves. “Fines can cripple the shipment’s potential revenue,” says Ben Bidwell, director of global transportation customs services with C.H. Robinson, a supply chain and logistics firm based in Eden Prairie, Minn.

Complying with the Customs rules and regulations governing imports may feel like you’re caught in endless twists and turns. Here’s how to master the maze.
Navigating the Customs Labyrinth

Ensuring your products proceed smoothly through the customs labyrinth requires starting before they leave the factory. Importers need to know “what the product is, what it is made of, and who regulates it,” says Jennifer Diaz, founding partner with Diaz Trade Law, P.A., in North Miami, Fla. “The CBP won’t hold your hand.”

Moving products through CBP involves monitoring both the goods themselves and the associated data. “The goods and the data are two separate animals,” says Steve Zisser, president with Zisser Group, a law firm focused on international trade. CBP typically focuses on the information.

The information importers submit to the CBP includes descriptions of the buyer, the seller, and the merchandise, as well as a product’s classification according to the Harmonized Tariff Schedule (HTS).

“The more information and the more complete the documents, such as the invoice and packing slip, the smoother the transaction,” says Norman Harris, corporate compliance manager with Norman Krieger Inc., a freight forwarder and customs broker.

Targeting Red Flag Shipments

CBP relies on a “proprietary targeting algorithm” to determine which shipments warrant further investigation, says Marc Roy, vice president with eCustoms, a trade compliance solutions provider. The algorithm focuses on a number of factors, including shipper history, the goods they’re importing, and the countries through which the products traveled. For instance, the CBP might flag shipments that passed through high-risk countries.

The government also checks “things that don’t seem to fit,” Zisser says. Documents that show a well-known electronics company importing dairy products, for instance, would raise suspicions.

To aid in these efforts, trade compliance professionals should establish relationships with their colleagues in procurement, suggests Greg Maddelini, customs brokerage marketing manager with UPS. They also should watch for individuals outside procurement—say, within R&D—purchasing items, even one-offs, he adds.

Mauro works with Hampton’s technical engineers and marketers to determine the Harmonized Tariff Schedule codes for new products. They also discuss or ask for a ruling from CBP if the classification isn’t straightforward. The classification determines each product’s duty and landed costs, so accuracy is key. These steps occur before the product reaches a port.

“Engaging a broker doesn’t relieve importers of the responsibility for complying with customs regulations.”

— Nick Mauro, Director, Global Supply Chain, Hampton Products International

In addition to CBP, more than 40 other federal government agencies can require information on imports. That means providing just the SKU or style number isn’t enough.

To meet Consumer Product Safety Commission requirements, for example, some imported apparel must undergo flammability testing that’s conducted by an accredited agency. “When you’re determining which manufacturing factory to use, have these considerations in place,” recommends Laura Rabinowitz, special counsel with international law firm Kelley Drye & Warren LLP.

Down in the Dumps

Similarly, importers need to determine whether the goods they’re considering importing are subject to anti-dumping duties or countervailing duty regulations. Countervailing duties can come into play when U.S. importers bring in goods that have been subsidized by the government of the country in which they’re manufactured. The duties are intended to level the playing field for domestic manufacturers. Anti-dumping duties are intended to address imports that are priced below market value and harm the domestic industry.

A CBP officer directs a truck carrying a seaport container to the port’s inspection area. Importers providing full documentation and complete information facilitate quicker customs clearance.

“Engaging a broker doesn’t relieve importers of the responsibility for complying with customs regulations.”

— Nick Mauro, Director, Global Supply Chain, Hampton Products International

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Navigating the Customs Labyrinth

Determining whether products fall within an anti-dumping or countervailing duty regulation “can get technical and involve days of emails and calls between importers, brokers, and manufacturers to determine if they’re covered,” Bidwell says. Moreover, the determination can come down to esoteric factors, such as the kind of steel used.

For instance, anti-dumping orders currently are in place for many aluminum extrusions from China, says Lawrence Friedman, president of the Customs and International Trade Bar Association. However, the provisions exclude certain finished products and aluminum alloys.

When the Department of Commerce issues an anti-dumping order, companies should review their supply chains and analyze the possibility and benefits of changing the source country or product to legally avoid the duties. However, “smart importers are careful to properly document their analysis,” Friedman says.

An importer also can ask the Department of Commerce for a ruling stating the new product falls outside the scope of the duty. “If importers don’t do this, one allegation or investigation will potentially cause them to have to defend their position,” Friedman adds.

Importers also need to check that their products don’t violate trademark and copyright protection. “Customs continues to treat the protection of trademarks and copyrights as a priority,” Friedman says, and may seize goods if the importer can’t show a trademark was legally applied.

Classification and Valuation

Goods coming into the United States are classified using the Harmonized Tariff Schedule. The classification derives from the “essential character” of a product, Mauro says.

For some goods, the classification process is straightforward. Other products, however, resist easy classification. Hampton, for instance, makes ratchet tie-downs, or long straps used to secure goods on cargo trucks. In CBP’s view, the essence of the good is the ratchet, not the tie-down itself. As a result, ratchets fall into the category “other mechanical devices,” Mauro says.

Importers with questions can turn to CBP’s database of rulings for guidance. However, the number of rulings currently tops 190,000. Importers also can prospectively ask for a ruling before they bring a product into the United States, says Greg Maddelini, customs brokerage marketing manager with UPS. Team members should be able to provide in-depth insight on questions about duty rates, countries of origin, and other concerns.

Trade Act a Customs Fit

The Trade Facilitation and Trade Enforcement Act of 2015, which became law in February 2016, includes several provisions that impact customs procedures:

1. An increase from $200 to $800 in the “de minimus” value of goods that can move through Customs without being subject to duty. “It’s particularly important for e-commerce, which generates a high volume of small shipments,” says Lawrence Friedman, president of the Customs and International Trade Bar Association.

Other government agencies, such as the Food & Drug Administration, may still want to be aware of items under their jurisdiction coming into the United States. At this point, there doesn’t seem to be an automatic mechanism for reporting these shipments to the other government agencies, so it will be up to the importer to provide this information.

2. The creation of virtual Centers of Expertise and Excellence that “aggregate people from Customs with the greatest knowledge of related industries,” such as consumer goods or base metals, Friedman says.

Companies now can work with one team of experts in Customs, says Greg Maddelini, customs brokerage marketing manager with UPS. Team members should be able to provide in-depth insight on questions about duty rates, countries of origin, and other concerns.

3. The establishment of the Trade Remedy Law Enforcement Division, which will focus on developing and administering policies to prevent and counter evasion. It also will direct enforcement and compliance assessment activities concerning evasion.

The Trade Facilitation and Trade Enforcement Act essentially gives the CBP responsibility for investigating allegations that an importer has evaded anti-dumping or countervailing duties. “The point of the order is to protect domestic industry from unfair trade practices,” Friedman says.

Because the legislation was just recently signed, many of the regulations pertaining to these provisions still need to be issued.
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Christopher Kane, partner with Simon Gluck & Kane LLP, a firm concentrated on customs and international trade law.

Imported goods also need to be assigned estimated values, another area that can get complicated. For instance, when apparel is designed outside the United States, the design work is added to the value of the goods.

“Customs will ask where the design work was done,” Rabinowitz says. “If it was outside the United States and isn’t included in the value, the importer can get a penalty.”

CBP considers companies to have used “reasonable care” when they take steps such as analyzing the goods being imported, asking experts for their insight, and reviewing the Rules of Interpretation to determine valuation and classification.

“If CBP has questions, it will ask to see the documentation,” Bidwell says. “An incomplete, illegible, or inaccurate record tells Customs the importer isn’t doing a great job managing its compliance responsibilities.”

Regular and ongoing data cleansing is key. For instance, it’s not unusual to find one company has multiple Manufacturing Identification Codes (MIDs), each differing by a single letter or number, for the same supplier. “A best practice is a single repository of data accessible to those who need it, populated with the most accurate and up-to-date trade data,” says Suzanne Richer, director of trade advisory service for Amber Road, a global trade management solutions provider.

**Going for Brokers**

Most importers work with customs brokers, as few have the resources to remain up to date with the rules, regulations, and processes used to move goods through Customs.

Before partnering, both sides will want to check out the other. Because the CBP views brokers as agents of the importers of record, and expects assistance in identifying bad actors, brokers may ask for documents to verify the importer’s tax identification number, and the company name and address. They also may check government records to make sure the organization is on file as a corporation or LLC. “Brokers are the first line of defense,” Harris says.

Brokers also ask for power of attorney, which CBP requires. The power of attorney authorizes brokers to act on behalf of importers’ customs operations.

For their part, importers want to work with brokers who understand their business and products. They also should have good relationships with the workers at the ports where their goods enter the United States.

While a strong broker is key, engaging one doesn’t relieve importers of responsibility for complying with customs regulations. “Importers are responsible for submitting correct information on the customs declarations,” Mauro says.

Ensuring compliance with CBP regulations is more than a one-time event; it requires ongoing monitoring and training. At Hampton, for instance, Mauro and his team conduct random audits, where they ask both employees and the company’s computer system to generate 30 random part numbers and their HTS codes.

“Then we come back together and see if we agree,” Mauro notes. If not, they might submit a request for a customs ruling, which can be done online and typically takes 20 to 30 days.
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Hampton also has created an import compliance manual that codifies the company’s processes. Mauro and his colleagues periodically conduct internal compliance audits, checking that the company’s processes continue to follow the procedures outlined in the manual.

Mauro also analyzes reports he generates from CBP’s Automated Commercial Environment (ACE) system. “We line up each shipment by filer code, broker, supplier, ports of entry, and estimated duty payments, to see if anything stands out,” he says. For example, most of the company’s shipments go through either the Port of Long Beach or the Port of Los Angeles, so if one enters the United States through a different port, they follow up.

Customs Initiatives

Many importers benefit from participating in some CBP initiatives. One is the Cargo Service Messaging System (CSMS), a searchable database of messages of interest to importers and carriers. Data might include regulatory changes or even day-to-day events that can impact shipments, such as weather events.

Another initiative is the Broker-Known Importer Program (BKIP), a voluntary program of the National Customs Brokers and Forwarders Association of America (NCBFAA), supported by CBP. Through BKIP, customs brokers alert CBP that the importer on an entry is known to the broker and that the broker has advised the importer of their compliance responsibilities pertaining to customs regulations.

“This tells CBP the broker is vouching for the importer,” Mauro says. That may help shipments move more quickly through customs.

Importers participating in the Customs Trade Partnership Against Terrorism (C-TPAT) sign an agreement to work with CBP to protect the supply chain, identify security gaps, and implement specific security measures and best practices, among other steps. C-TPAT partners also provide CBP with a profile outlining the specific security measures the company has in place. C-TPAT members are considered low risk and are therefore less likely to be examined, according to the CBP.

Among other requirements, importers who want to participate in C-TPAT typically need to conduct and document annual factory visits, and demonstrate that they know where their merchandise is produced and who’s manufacturing it. “C-TPAT is based around the physical security of cargo—making sure the cargo remains secure from the manufacturer’s warehouse to the buyer’s premise, and that nothing can be planted into the cargo,” Magnus says. Even if an importer decides not to participate in the program, the required steps can add value.

The Trusted Trader Program represents the “highest status within Customs,” Richer says. According to a 2015 CBP announcement, this program “will streamline the process through which importers can establish to CBP that they strive to secure their supply chains and strengthen their internal controls for compliance with the existing laws and regulations administered or enforced by CBP.” The program also should increase overall trade efficiency, according to CBP.

Some importers avoid these types of programs, assuming the entry requirements are too difficult or require divulging too much information. That’s often an incorrect assumption. For instance, the Importer Self-Assessment (ISA), required for entry into the Trusted Trader Program, typically requires that an organization demonstrate to CBP its internal controls and ability to manage and monitor future compliance obligations. The review takes place over two days.

In contrast, a focused assessment, or customs audit, can take 18 months and be highly intrusive. “While companies must still prepare for entry into ISA, CBP is seeking to work in partnership with them, so the two sides work hand-in-hand toward a common goal,” Richer says. Unless it uncovers significant problems, CBP typically works with organizations to get them into the program.

Act Strategically

Most supply chain professionals’ responsibilities extend beyond ensuring their goods move smoothly through Customs. They also want to move them at the lowest possible cost, while still complying with regulations. That means taking advantage of legal ways to reduce tariffs and duties. “Always look, investigate, and re-investigate,” Zisser says.

Importers should revisit opportunities at least once each year to ensure they’re taking advantage of any new developments. “Stay flexible and nimble, and explore,” Zisser adds.

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Healthcare organizations suffering from high costs and inefficiencies find relief by improving supply chain and distribution processes. The prognosis? Improved patient care and lower healthcare costs.

BY VICKI SPEED
The way healthcare organizations source supplies and connect with manufacturers and service providers is undergoing a comprehensive transformation—one that is essential to meet emerging patient demands, address healthcare legislation, support an overall focus on improving patient care, and reduce healthcare costs.

Gartner’s 2016 Healthcare Provider Supply Chain Outlook report spotlights a few of the most prominent issues and initiatives. In particular, the study notes that healthcare industry leaders are primarily looking to align their objectives with the strategic goals of an integrated delivery network (IDN), prioritize standardization, and tackle pharmaceutical costs.

“Healthcare supply logistics is complex—and every IDN is different,” says Eric O’Daffer, healthcare supply chain researcher with Gartner. “Still, the biggest shift for organizations with foundational maturity is the focus on reducing complexity and total cost to serve across the supply chain. They’re looking to leverage capabilities and develop two-way communication upstream with clinicians who have historically made decisions independent of the supply chain.”

UPS sees similar trends in the industry. Hospital systems are redefining procurement and supply chain via economies of scale previously found only in the largest national systems, according to John Menna, vice president of global strategy, healthcare logistics with UPS.

“One trend is for hospital systems to invest in building and buying out clinical locations that are closer to the patient, which widens the scope of logistical complexity for their supply chain executives,” Menna says. “The goal of providing more patient-centric care requires building a supply chain network that meets the needs of not only the institutional hospital, but also the ambulatory, clinical, and homecare settings.”

As a whole, healthcare organizations are especially focused on supply chain management, product selection/utilization, and standardization. “They’re developing relationships with suppliers,” O’Daffer says. “They evaluate data to fully understand the intersection of logistics and total delivery costs to measure right price, right time, and service cost collections, and then design a supply chain network that supports adherence.”

The underlying prescription for today’s advanced supply chain approaches—regardless of the healthcare organization’s scope and scale—is technology, with a strong dose of data and analytics.

One decade ago, many organizations
negotiated and managed logistics almost as an afterthought—a necessary evil to make sure products were available as needed and to avoid supply chain fire drills.

Today’s healthcare supply chain is different, finds the Gartner study, noting that the healthcare supply chain is shifting away from provider or group purchasing organization (GPO) sourcing and toward total cost to serve.

“Healthcare companies place growing emphasis on inbound freight, internal logistics network expenses, inventory holding costs, loss/expiration, and, most importantly, service levels at the point of use,” O’Daffer explains.

One leader in supply chain management efficiency is Mayo Clinic. Its health system is large and geographically disparate, serving more than 70 communities in Minnesota, Wisconsin, Iowa, and Georgia including 19 owned hospitals in Minnesota, Iowa, and Wisconsin, as well as two owned hospitals in Phoenix and Jacksonville, Fla.

Gartner lists Mayo Clinic as the top company in its Healthcare Supply Chain Top 25 for 2015 list, largely due to its total cost, quality-care approach. Mayo Clinic is in the midst of a multi-year, multi-pronged supply chain transformation designed to shift its supply chain from a material management-focused organization to an enterprise supply chain system.

The organization’s improvements began 17 years ago with a robust strategic plan. “In that time, we’ve gone from a decentralized organization to one of shared resources and a particular focus on data that our practice can use,” says Bruce Mairose, vice chair of operations for Mayo Clinic Supply Chain Management. “Our goal is to transform the healthcare supply chain delivery process by enabling the dialogue. From that dialogue, we’ve invested in technology and enabling processes. We do not make decisions about products, but rather present relevant information to the practice to support their decisions.”

Today, the Mayo Clinic supply chain provides contracting services to 66 IDNs and 180 hospitals within those IDNs.

“Our fundamental challenge is to change the dynamics of the relationship with suppliers,” he adds.

The organization changes those dynamics through several programs. For instance, in 2007, Mayo Clinic Supply Chain Management group took control of its inbound freight spend by dealing directly with key shipping partners. The group raised the visibility of its freight spend through better analytics, helping cut freight costs by 25 percent.

More recently, in March 2016, Mayo Clinic and Vizient introduced a web-based analytics and reporting supplier service called Reveal as part of its services to the Upper Midwest Consolidated Services Center (UMCSC). Reveal emphasizes data analytics to improve transparency, reduce unnecessary resources, and target opportunities for greater sales potential. Participating suppliers that have contracts with UMCSC are able to see the total product market by item at the SKU level, by individual member, and by share.

So suppliers see where they have contracts and their competitors’ market shares.

“It’s a never-before-possible look at their customer markets at the line-item level,” Mairose says. “Reveal is the first phase of a series of multiphase tools that we believe will transform the healthcare supply chain and inspire more dynamic supplier/provider arrangements.”

Centralized for Distribution

Some healthcare organizations take a slightly different approach, opting to streamline supply chain services through a consolidated service center (CSC). More than 40 CSCs currently operate in the United States, Gartner reports, representing an estimated 10 to 15 percent (by revenue) of the total medical-surgical distribution market.

In today’s market, there are two main types of CSC. A self-managed IDN, such as Intermountain Healthcare, relies on an internal GPO and, typically, offers extensive services beyond supply.
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distribution. An outsourced IDN relies on a third-party logistics (3PL) entity to set up and/or manage the CSC in partnership with the provider.

Livonia, Mich.-based Trinity Health recently opted for a hybrid 3PL approach. The healthcare group is one of the largest multi-institutional Catholic healthcare delivery systems in the nation. It serves communities in 21 states from coast to coast with 90 hospitals and 120 continuing care locations — including home care, hospice, PACE (an All-inclusive Care for the Elderly program), and senior living facilities — that accommodate nearly 2.1 million visits annually.

For Trinity, improving supply chain efficiency begins with reliable information and accurate data. “We wanted to take control of our bill of materials,” Johnson says. “We wanted to create a single point of entry for all manufacturers, and a lower cost-to-serve for everyone associated with the supply channel.”

Like many healthcare networks, Trinity realized that the fragmented supply chain forces hospitals to create storerooms to hold safety stock and often scramble to acquire products that go on backorder. The CSC approach will help mitigate that problem by reducing service and product variation, creating consistent ordering patterns, and establishing direct manufacturer-to-warehouse relationships, according to Johnson.

After evaluating 18 different 3PL providers inside and outside the healthcare market, Johnson and his team chose XPO Logistics, headquartered in Greenwich, Conn., to lay out the warehouse footprint, manage the real estate, handle the transportation, and help integrate the warehouse management system (WMS) and demand management system (DMS).

Johnson acknowledges that establishing a CDC will not solve all the fragmentation problems. “To make the warehousing system work, we have to re-engineer the supply chain process in healthcare, gain trust from our caregivers, and prepare accurate forecasting through good data and information,” he notes. “Through the Trinity Health warehousing network, we’ll be able to track products from point of origin to point of consumption. We’ll know how much of a product we use and how much we buy at a patient encounter level.

“The availability of that data opens up the possibility for crucial conversations with clinicians and physicians around utilization, waste, and, of course, cost,” Johnson adds. “Physicians are responsive to good data and information. Our job is to control the supply chain, build trust, and change behaviors at all stages of the supply chain.”

Trinity will begin shipping to its first hospital from its new warehouse in November 2016.

Supply Side Connections

Suppliers are also working to create solutions that support IDNs and improve supply chain management for healthcare customers by consolidating shipping and better understanding overnight versus procedural needs.

One way is through micro-distribution and field stock location (FSL) solutions that enable healthcare companies and providers to keep inventory closer to the point of care and provide greater supply chain visibility and high-cost product access.

For example, UPS’s medical device customers are able to tap into a multi-client, healthcare-compliant distribution and warehousing facility — strategically located near UPS’s air hub at Philadelphia International Airport — that offers comprehensive medical device replenishment services such as decontamination and instrument inspection to support distribution services to hospitals. This facility is fully integrated into UPS’s overall transportation and FSL network, making it possible for healthcare manufacturers and distributors to reach more than 80 percent of U.S. hospitals within four hours.
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Value-added service centers might provide more return on investment than warehouses to healthcare organizations.

“Deploying value-added service centers can enable products to be assembled or enhanced to create efficiencies within the care setting,” says Kevin McPherson, vice president of healthcare for GENCO, a FedEx Company. “A value-added service center might prepare individual case carts for surgical procedures, blister pack bulk tablets, or perform biomedical engineering activities.”

**Imagine an IoT of Health**

An Internet of Things (IoT) approach to help solve supply chain inefficiencies offers many benefits, according to Jean-Claude Saghbini, chief technology officer and vice president of inventory management solutions for Cardinal Health, a healthcare services company based in Dublin, Ohio.

“We need to bridge the gap between technology, data, and analytics to truly transform the supply chain into a strategic business asset,” he says. “We have the technology to reinvent and vastly improve the healthcare supply chain today. Healthcare systems can utilize an intelligent supply chain as a strategic business asset to reduce the total cost of care, and we can help them achieve their goals.”

Saghbini believes an IoT approach can accelerate the transfer and analysis of big data, and support real-time decision-making on issues such as consumption, product availability, and approaching product expiration—and he’s putting that theory to work at Cardinal Health.

In 2013, Cardinal Health acquired WaveMark technology, an acquisition that brought advanced RFID point-of-use and data analytics capabilities to the organization. Cardinal Health also continues to invest in advanced data capture and analytics that can be integrated with other data platforms for valuable insights to improve decision-making.

“Our cloud-based supply chain solution hinges on its robust advanced analytics package, which allows healthcare providers to have more visibility into their supplies, and how to manage inventory over time to reduce waste,” Saghbini explains. “The solution is enabled by an RFID technology platform.”

**The Same Source of Truth**

The evolution of the supply chain and IoT has changed Cardinal Health’s relationship with suppliers. “To create an end-to-end connected supply chain, we need all stakeholders — manufacturers, providers, and distributors — to access and leverage the same data, the same source of truth, as they optimize the supply chain,” Saghbini says. “This evolution will only strengthen our relationships with manufacturers and suppliers.”
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Saghbini is particularly excited about the potential of IoT to support and improve the operation of the medical device and implantable supply chain.

“Medical devices and implantables are ripe for an IoT approach,” says Saghbini. “It’s an area we will evaluate as we explore new solutions to accelerate the transfer and analysis of big data and support real-time decision-making on issues such as consumption and impending product expiration.”

Similarly, GENCO’s McPherson points to an IoT solution that could enable patients to directly procure medical devices and prescribed medications remotely—at home via a computer or smartphone—rather than moving through traditional healthcare channels, such as doctors’ offices, pharmacies, and hospitals.

“That technology has the potential to drive serious change in healthcare fulfillment,” McPherson says. “It can bypass the older, multi-stage model where a device goes through various layers of procurement before it reaches the patient. IDNs need to be receptive to the technology and prepared for the changing environment.”

IoT capabilities in the form of mobile technologies that capture demand signals at the point of care are also becoming more prevalent. For example, storage cabinets equipped with RFID barcodes and smartphone applications can record medical supply consumption and automate replenishment.

“Automation helps streamline procurement,” McPherson says. “Package sensing and tracking technology also are used extensively to transport life-critical and temperature-sensitive drugs, enabling close oversight of in-transit times and ensuring compliance.”

Temperature-Sensitive Supplies

A vital part of healthcare supply chain networks is the transportation of temperature-sensitive and critical products. These products require a supply chain that is seamless and integrated, and adheres to strict product safety and security protocols.

Numerous innovative controlled room temperature transportation solutions have emerged over the past few years, impacting both small-package transportation and freight forwarding.

“To get cold chain right, companies need qualified and validated solutions that they can execute over and over for high-value, vital healthcare products,” says UPS’s Menna. “Companies are leveraging innovative cold chain packaging and temperature-monitoring devices specifically engineered to ensure product protection throughout the supply chain.”

One example of enhanced patient convenience is Exact Sciences, a medical diagnostics company based in Madison, Wis. Its innovative colorectal cancer home testing kit requires time-sensitive logistics to get the kit to the patient’s home, and then get samples from the home to the test laboratory.

“Many people typically would not get screened for colorectal cancer partly because of the procedure’s invasive nature,” says Menna. “But now, with the patient’s ability to conduct the test in the privacy of the home, assisted by smart, effective logistics, more people won’t have to fear the testing for one of the most curable types of cancer. In this case, an effective supply chain network helps set the stage for early detection and better care.”

Looking Ahead

Even as leading healthcare organizations transform and streamline the complex supply chain network, business logistics managers will have to retain a level of flexibility in the process, gain executive buy-in, and find a way to demonstrate total cost to serve—something that many have not had to do in previous management scenarios.

“Along with standardization and consolidation, it’s important for hospitals to have a realistic handle on GPO and supplier performance—it’s a big piece of managing cost performance,” says James Spann, Jr., global practice leader of supply chain and logistics with Simpler Consulting, a Truven Health Analytics Company, a global management consultant.

Spann also emphasizes the need for executive-level buy-in, especially for smaller hospital networks. “Large healthcare networks have a supply chain leader at the boardroom table,” he says. “The average community hospital led by a manager or director may not have that C-suite visibility—and they should if they want to achieve supply chain efficiencies.

“They also need physician integration and alignment as a part of the supply strategic approach,” he adds. “If they have to move backward to gain buy-in, they will encounter roadblocks and obstacles.”

“At the supply chain level, healthcare organizations have to get good at change management, how they measure service, end-to-end costs, and how they educate senior leadership on the role supply chain plays in total quality and cost of care,” O’Daffer says. “They have to move from ‘we saved x dollars on a product’ to ‘we reduced the supply chain cost per adjusted admission and patient activity.’

“That’s hard to do and there are some data barriers to success,” he adds. “New innovation will focus on the ability to capture these costs.”

A healthcare-compliant distribution facility integrated into UPS’s transport network allows healthcare manufacturers and distributors to reach 80 percent of U.S. hospitals within four hours.
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The Ice Cream Supply Chain

From flavor variations to temperature monitoring, when it comes to delivering this sweet treat, ice cream companies have it down cold.

By Karen M. Kroll
The ice cream supply chain is hot. The average American enjoys about 22 pounds of ice cream each year, reports the International Dairy Foods Association (IDFA). Vanilla remains the most popular flavor, with chocolate and cookies and cream next in line. And, despite waistline concerns, premium ice cream—with its high fat content and correspondingly hefty calorie load—is the most popular type, according to IDFA.

No matter the flavor or type, ice cream is “a smile producer,” says Dan Samson, chief executive officer with Lovin’ Scoopful, a producer of gourmet light ice cream that’s co-branded with the Special Olympics; it shares 25 percent of its profits with the organization and other causes.

To capture those smiles, however, ice cream companies have to ensure products maintain their quality as they travel from the manufacturing plant to the distribution center to the retailer, and finally into the consumer’s shopping cart and home. In addition to ingredients and flavorings, cold chain management and proper sanitation are key.

“The cold chain’s enemy is heat shock,” says Robert Roberts, professor and head of the food science department at Pennsylvania State University. Ice cream that warms up and refreezes tends to become icy and grainy.

The risk of an unwanted temperature change tends to be highest when the ice cream is moving from one location—say, a manufacturing plant—to another, such as a delivery truck. “There can’t be any fumbled hand-offs,” says Tom Foster, chair of the marketing and global supply chain department at Brigham Young University, Provo, Utah.
Ice cream production in the United States typically starts with a handful of ingredients: water, a milk or cream product, emulsifiers, stabilizers, and sugar, says Ron Atapattu, president and founder of Overseas Cargo Inc., a Miami-based third-party logistics company. These ingredients are blended together, and then the mix is pasteurized, homogenized, and cooled to about the consistency of soft-serve ice cream. Flavors, such as fruits or candy, are added. The ice cream is packaged and moves to a blast freezer, where its temperature drops to well below zero.

Ice cream producers continue to experiment with this basic recipe and add an ever-expanding number of variations, including exotic flavors and low-fat or allergen-free versions. This allows them to meet consumers’ changing preferences. It also increases the cost and complexity of the ordering, demand planning, forecasting, and inventory functions. “That complexity creates nuances through the supply chain,” says Anne Goodchild, Ph.D., associate professor of transportation engineering at the University of Washington, Seattle.

**Flair for Flavor**

Perry’s Ice Cream, based outside Buffalo, N.Y., offers 75 flavors in multiple sizes, from All American (vanilla ice cream with maraschino cherries and black cherry swirls) to white raspberry cake (white cake ice cream with raspberry swirls), as well as frozen yogurt, novelties, sherbet, and sorbet. Perry’s also distributes products from other companies.

The variety brings balance to the company’s product portfolio and lends a competitive edge. “We aim to be a one-stop shop,” says Carl Patterson, director of distribution.

The range of products also adds complexity to manufacturing and distribution. Perry’s has turned to technology to help manage them. It relies on an in-house enterprise resource planning (ERP) system that helps track purchase orders to build a history that it can use—along with its knowledge of inventory levels, promotional activity, and lead times—to enhance demand planning.

The company’s 18 trucks bring products to distributors across several northeastern states, and return with the raw ingredients the plant needs, as well as products that Perry’s distributes for partners. Using in-house drivers enables Perry’s to more quickly adjust to changes in the production schedule due to demand fluctuations. “We’re able to make those accommodations at the last minute,” says Dave Mietz, transportation, distribution, and warehouse team leader. In addition, the drivers bring in approximately $4 million annually by distributing the company’s partner brands.

Wells Enterprises, the Le Mars, Iowa-based company behind Blue Bunny Ice Cream, is implementing voice-to-text technology in inventory picking operations, where freezer staff compile pallets of multiple products. The technology provides instructions on the products and quantities needed to compile a full pallet. Workers can confirm the inventory transactions via voice responses.

“The technology gives them an effective way to complete these operations while using both hands for product movement,” says Ryan Schaap, chief information officer for Wells Enterprises.

A growing number of artisanal producers, similar to those that have emerged in the craft beer and dark chocolate markets, are entering the ice cream sector. “Major ice cream manufacturers may see new competition from local, artisanal craft producers, the same way yogurt makers...”
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were blindsided by Chobani,” says Dave Donnan, partner with A.T. Kearney’s consumer products and retail practice.

These new ventures also need to establish supply chains. Tyler Malek started Portland, Ore.-based Salt & Straw in his kitchen. He headed to the farmer’s market and grocery store each morning, purchased ingredients for the day’s production, and then got to work. His company’s name harkens to the pre-refrigeration era, when ice cream producers used salt to control and lower the temperature of their ice cream mixture, and then packed it in straw to keep it cool. The name is a “way to pay homage to the tradition of making ice cream,” Malek says.

Salt & Straw operates eight locations (the number continues to grow) in Oregon and California, from which it sells ice cream in flavors such as Black Olive Brittle, Goat Cheese, and Honey Lavender.

The choice of flavors changes every four weeks. The company sources most ingredients from local farmers and artisans.

Changing the menu lets Salt & Straw work with a diverse range of suppliers. It also adds complexity to its logistics operation. “Our supply chain has to be just as inventive as our flavors,” Malek says.

The company currently uses an ERP system developed in-house. “No other system can keep up with the speed at which we change flavors and products,” he adds.

### A Taste for Advance Planning

Malek and his management team begin talking with suppliers months before Salt & Straw actually needs its ingredients. For instance, he began discussions about growing practices, logistics, and ordering with a local wasabi farmer in November, even though the company didn’t plan to offer wasabi and green apple ice cream until May.

When Malek expanded from Oregon to California, he decided not to simply ship all the flavoring from Portland, even though it would have been easier. “We didn’t want to import our product, just our culture and model,” he says. So, Salt

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**Homemade Recipe Drives Success**

One of the biggest concerns within a number of supply chains, including ice cream, is the lack of well-trained truck drivers. “Even driving school class sizes have dropped from about 15 students to three or four,” says Dave Mietz, transportation, distribution, and warehouse team leader with Perry’s Ice Cream, based in western New York.

Moreover, the driver shortage is occurring despite the decent wages being offered. The average annual salary for a truck driver is just shy of $60,000, Indeed.com reports.

Several factors contribute to the shortage. Driving a truck is no longer promoted as a career, Mietz says. In addition, potential candidates often want to remain close to home, rather than spend much of their time on the road.

To counter this trend, Perry’s has begun promoting employees from within the organization. The company trains them, a process that normally takes eight to 12 weeks, and helps them secure their licenses.

It’s an investment by both Perry’s and its employees that seems to be paying off. “We’ve had the most success in growing our own drivers,” Mietz says.
& Straw creates five new flavors, using as many local ingredients, every four weeks, in Los Angeles as well as Portland.

In both locations, the company makes its ice cream in a commercial kitchen and delivers it to the stores at night. In Portland, Salt & Straw partnered with its dairy supplier. When the dairy drops off cream, it loads its truck with ice cream and delivers it to the shops. Because the dairy operates its own fleet of trucks, it expands and contracts its services as demand fluctuates more easily than Salt & Straw can, Malek says.

For Los Angeles, Salt & Straw purchased its own truck and hired a driver. Given the size of the city, deliveries have to be staggered, Malek says. While a driver in Portland may be able to get to all the company’s locations within several hours, in Los Angeles, it could take that long to get to one store.

Do Not Fudge

Tweaking the basic ice cream formula not only increases the complexity of demand planning and production scheduling, but it can change the ways in which the product reacts to changing temperatures. For instance, a mix of strawberry and chocolate ice cream may melt differently than either flavor on its own.

Additionally, most ice cream manufacturing plants have limited storage. When ice cream products are shipped to a warehouse for storage and distribution, proper handling is critical. “Any cold chain management interference can cause a distinct flavor change,” Atapattu notes.

To start, the trailer onto which the ice cream is loaded should be pre-cooled, Atapattu says. Many ice cream manufacturers won’t load until the inside of the trailer has maintained a core cooling temperature of at least -10 or -15 degrees, for at least one hour.

The method used to load the truck also can aid or inhibit proper cooling. Most modern freezer trucks disperse cold air through rails running the length of the floor. The pallets of ice cream should be staggered so the air isn’t blocked, and can freely circulate. “If restricted, the air does a poor job of cooling,” Atapattu says.

Even the location of the ice cream within a trailer can influence its risk of melting. On a hot summer day, heat induction may cause the ice cream closest to the exterior walls to move outside the desired temperature range.

While manufacturers and distributors can use sensors to check the ice cream’s temperature at different points in time, not all sensors will reveal whether the product warmed up and then cooled back down.

“Even small changes over time can cause trouble,” Roberts says. Some newer sensors will show if the temperature changed during a period of time, he adds.

Keep It Cool

The Internet of Things (IoT) plays a role in proper transport of ice cream and frozen foods, say Sean Riley, director of global supply chain and the manufacturing industry with global enterprise software supplier Software AG.

For instance, in addition to temperature sensors, the IoT can monitor the refrigeration unit’s operation. Say the sensor notices a truck’s cooling mechanism generating higher than normal RPMs just to maintain proper performance. The driver will know the ice cream needs to move from the truck to the freezer as rapidly as possible once it arrives at the warehouse, as the cooling mechanism may not work for much longer.

Software AG recently announced a partnership with Dell to embed this software within devices that allow the driver, manufacturer, and transportation provider to access this information in real time. “The software streamlines, speeds, and simplifies the monitoring process,” Riley says.

Advances in cold chain management technology are prompting North American producers to consider shipping to other parts of the world, and in particular, South America. “Ice cream companies see a lot of market growth there, because it’s counter-seasonal,” Foster says.

Although temperature shifts can degrade the ice cream eating experience, there’s a positive side: The changed texture can make it easier to determine if the ice cream moved outside established temperature parameters, which could lead to bacteria growth.

While temperature changes are a safety concern, most are apt to impact the quality of the ice cream before they compromise safety. “It’s when the ice cream looks like
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a milkshake that safety is a problem,” Roberts says.

Ice cream safety remains top of mind, especially given recent recalls. In 2015, Blue Bell Creameries of Brenham, Texas, voluntarily recalled ice cream, frozen yogurt, sherbet, and frozen snacks distributed in more than 20 states and internationally, according to the Food and Drug Administration. The recall was prompted by an outbreak of Listeriosis traced to Blue Bell’s facilities.

The issue of safe food transportation gained even more attention with the April 2016 issuance of the rule on the Sanitary Transport of Human and Animal Food. The rule’s goal is to prevent practices that can create food safety risks during transportation.

The rule applies to shippers, receivers, loaders, and carriers that transport food in the United States by motor or rail vehicle. They’re now required to ensure the vehicles are suitable for this function, can be adequately cleaned, and can maintain the temperature required for their intended use. The companies involved also have to maintain written records of their procedures, among other steps.

**Fair Trade in the Mix**

Another shift in the ice cream market is the growing number of consumers who want to know the products they purchase were made fairly—that is, that the manufacturers refrained from child labor and paid all their suppliers a fair price for the materials they purchased.

Ben & Jerry’s, the maker of such flavors as Cherry Garcia and The Tonight Dough, shifted to a fair trade supply chain by late 2014. According to the company, its mission is “to create linked prosperity for everyone that’s connected to our business: suppliers, employees, farmers, franchisees, customers, and neighbors alike.” The shift to fair trade aligned with this mission, says company spokesperson Lindsay Bumps.

To make this happen, the company had to evaluate and change suppliers for several hundred ingredients, says Rob Bellezza, factory director. The Ben & Jerry’s research and development team identified vendors and sourced the ingredients.

Then, employees had to run out the current inventory and move to the new suppliers, without disrupting business. “We couldn’t just flip a switch,” Bumps notes.

Moreover, this shift occurred even as the company was growing faster than its own projections. While that’s a nice problem to have, it requires ensuring adequate manufacturing capacity, effectively using the supplier network, and prioritizing SKUs.

One key was managing supplier relationships. “We work with our vendors to ensure their inventory models are covering the need to pull inventory faster, cutting down on lead times,” Bellezza says.

In addition, Ben & Jerry’s moved to a “hub system,” where key ingredients are shipped to a central distribution center, again allowing for shorter lead times, Bellezza explains.

Ben & Jerry’s also uses an extended warehouse management system that “provides a snapshot down to the bin location,” says Nolan Titcomb, logistics lead, Vermont manufacturing. “We know all our inventory at any time and can track the movement. It has been huge in improving inventory management.”

The company maintains trailers on site, pre-cooled and ready to go. It has implemented a solution that allows real-time visibility into all inbound and outbound trucks. Titcomb and his team can check a truck’s location and load temperature, among other data. “We now have the flexibility to amend the schedule if a truck is late getting in,” he says.

**Whipping the Challenges**

“Growing fast is exciting and stressful at the same time,” Bellezza says. “From a supply chain standpoint, it’s our responsibility to unleash the growth.”

From an expanding number of flavor variations to consumers’ changing preferences and demands for fair trade practices, managing the ice cream supply chain can be one rocky road. Using a blend of technology and delivery strategies, ice cream companies have the challenges licked.
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As innovative technological solutions continue to shake up logistics, managing the supply chain is no longer business as usual.
Recent surveys reflect “an incredible increase” in the number of supply chain business leaders who identify technology as crucial to strategy, according to Pierfrancesco Manenti, vice president of research at London-based SCM World. These leaders no longer view technology as a tool, but as a critical driver, affecting every level of business decision-making.

“Technology is becoming more important to senior executives,” Manenti says. “They see that technology can significantly change the way they manage their supply chain strategies.”

This development is primed to grow stronger in the coming years. In fact, as the supply chain field more comfortably adopts vanguard technological solutions, it seems poised to experience wholesale alterations to the way it does business.

“Logistics currently is ripe for technology-driven disruption,” says Greg Hewitt, CEO of DHL Express U.S., which provides freight forwarding, warehousing, and customized and specialized shipping.

In the whirlwind of technological advances, however, it is easy to lose sight of where the value lies.

“Innovation is about much more than cleverness and breakthroughs, notes Doug Waggoner, CEO of Echo Global Logistics, a Chicago-based provider of technology-enabled transportation and supply chain management services. There has to be purpose and strategic design — actual usefulness — for the technology to take hold and influence business strategy.

“Technology is easy; high-school students can build mobile apps at night and they’re pretty darn good,” Waggoner says. “But technology for technology’s sake is not enough.”

Here’s a look at six primary categories of emerging technologies that supply chain executives cite as most likely to prove widely disruptive in the coming years.
1. Internet of Things

In general, “logistics and transportation tend to lag behind other sectors in technological innovation,” Waggoner says. Today, however, that sector is chasing the possibilities of predictive analytics en masse.

“If I was going to college now, I’d study to be a data scientist,” notes Neil Hampshire, senior vice president and chief information officer of ModusLink, a Waltham, Mass.-based provider of supply chain management services to global technology and software companies.

The appeal of analytics is obvious. “Analytics reveal insights a company never could have come up with on its own,” Waggoner says. “However, effective use of analytics requires massive volumes of data. That’s the whole point.”

That’s where the Internet of Things (IoT) comes in. IoT is a network of physical objects that are technologically enabled to collect and exchange data, allowing for groundbreaking access to real-time information. “IoT is arguably the most disruptive technology in the supply chain right now,” Hampshire says.

Hewitt agrees. “Unlike some other trends, IoT has the potential to transform not just one specific area of logistics, but the end-to-end supply chain,” he says. “It will continue to drive unprecedented visibility into operations, and influence logistics decision-making on how goods are produced, stored, monitored, routed, transported, and delivered to customers.

“IoT is also unique in that it is a technology transition that will also impact our daily lives,” Hewitt adds. “Consumers using wearables, and using connected car and smart home technologies, also open up new logistics service innovation opportunities.”

In the warehouse, IoT allows companies to track and manage inventory through the use of mobile devices.

“We’re putting mobile devices in the hands of the workers who are at the point of activity, where they can collect, manage, and view data,” says Jim Dempsey, enterprise business development manager for Panasonic Systems Communications Company of North America, which makes rugged mobile devices for that purpose. “That data is then shared with the enterprise.”

Improved visibility throughout the supply chain allows companies to manage their inventory much more efficiently. In the future, IoT could move logistics toward “the golden ticket,” Dempsey says, eliminating the need to conduct physical inventory counts.

“Companies will just push a button and know where all their inventory is,” Dempsey says. “We’re not there yet, but we are working toward it.”

Developments in IoT appear to be leading toward “hands-free supply replenishment,” Hampshire says, right to the door of consumers as companies increasingly track their customers’ needs. The possible result is that one day, certain products will not have retail inventory as a “massive buffer” between production and consumption, he adds.

Companies also will have more granular insights into how consumers use their products. For instance, imagine a coffee company that can track consumption of its flavors in real time in any given region, gaining invaluable analytics for marketing and inventory management, says Murt O’Donnell, director of eSolutions at ModusLink.

“IoT presents a huge opportunity—not just in customer service, but also in optimizing supply lanes and the cost of transporting products,” Hampshire says. “Tying that information into manufacturing and inventory replenishment is significant.”

IoT also allows companies to remotely manage products in previously unthinkable ways. For instance, with the aid of IoT, the aerospace and automotive industries can remotely control engines, monitoring their consumption and condition, and organizing repairs and even upgrades to optimize the supply chain, Manenti says.

“I expect that over the next five to 10 years, these technologies and approaches to remote-controlled products, as well as remote-controlled supply chains, will grow increasingly more common across industries,” he adds.

2. 3-D Printing

During a recent trip to the dentist, Waggoner needed a crown. In the past, he would have had to schedule another appointment to allow time for a physical mold to be sent to an off-site lab, where the crown would be manufactured. This time, however, Waggoner waited a few minutes for a 3-D printer in the office to produce his new crown. For Waggoner, this experience illustrated the straightforward, but impressive, possibilities of 3-D printing—and its potential impact on logistics.

“In the future, manufacturers will be able to print many products, once they receive the data,” he says.
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The complexity and personalization of 3-D printing could dramatically simplify previously complicated supply chains. For instance, Manenti notes, GE is currently creating 3-D printed fuel nozzles for jets, and plans to mass-produce them. The nozzles are composed of more than 40 components. Previously, producing the nozzles required an extensive supply chain. Today, however, the complete manufacturing process involves one production phase, based in a single factory.

The prospect of companies compressing the supply chain for certain products to a single production step is startling and potentially upending. “This is revolutionary,” Manenti says. “We are still at the beginning of this amazing opportunity, but the technology is moving fast.”

3. Self-Driving Vehicles

News headlines continue to spread the word about self-driving vehicles, often emphasizing the potential for passenger cars to gain mass traction. Supply chain and logistics professionals, however, are considering the ways this new technology could dramatically alter their operations.

Driverless trucks have the potential to reduce labor costs and increase efficiency — after all, a driverless truck can travel straight to its destination without breaks for sleep and food. And self-driving vehicles could also be used to transport items inside warehouses and other facilities.

“Self-driving vehicles unlock new levels of safety, efficiency, and quality within the logistics sector,” Hewitt says. “They will transform the supply chain by autonomously loading and transporting all shapes and sizes of products.”

Even with the introduction and refinement of self-driving vehicle technology, how it will be implemented is still an open question. For instance, will governing authorities require driverless vehicles to have a driver on board in case something goes awry?

“The technology is not the issue,” Manenti says. “It’s the rules and regulations, government oversight, and general acceptance from users that take a lot of time.”

The ongoing commercial driver shortage appears certain to intensify in the near future, especially if the economy improves. Waggoner cites the possibility of the United States being 175,000 drivers short of demand in a few years. This shortage will likely play a major role in debates over the viability of driverless vehicles.

“The worsening driver shortage will put pressure on pricing and capacity,” he says. “That may not be enough to accelerate their implementation, but driverless trucks could help alleviate the problem.”

No matter the obstacles, supply chain executives see the move to self-driving vehicles as inevitable—a matter of when, not if.

4. Collaborative Robotics

Collaborative robotics appears to be having a breakthrough, as innovations continue to lead to the adoption of more agile, lightweight robots than the bulkier robots popular in manufacturing to date. Through the use of artificial intelligence and sensors, these new robots can work side by side with people, and even learn through experience so they do not need to be programmed in the traditional way.

These robots also can recognize shapes, and perform automated tasks they could not handle previously, such as gluing, using a screwdriver, and selecting objects, Manenti says.

Deutsche Post DHL Group recently tested the implementation of robotics in logistics operations and found the results promising. “In the future, companies could adopt robotics to work alongside humans at tasks such as unloading trucks, co-packing, picking orders, checking inventory, or shipping goods—all with a high degree of accuracy,” Hewitt says.

5. The Uberization or Airbnb’ing of Delivery

New leaps forward in technology will not be the only way that technology influences the supply chain in the coming years. Just as influential will be the innovative ways that people use existing technology to develop new approaches.

Roadie, an app-based service that networks deliveries to individual “civilian” drivers, fits that bill. Marc Gorlin, Roadie’s founder and CEO, spoke in April 2016 at the Georgia Logistics Summit about how technological advances are producing new spaces for innovative logistics companies to operate in ways they had never considered before.

In addition, the “Uberization” of delivery is currently a particularly compelling space as innovative startups look for ways to provide same-day service at costs competitive with traditional carriers. Kewill has been incorporating Deliver—which works with online and physical retailers to provide same-day deliveries through its network of drivers—into its software solutions, says Surrrett. Deliver is an example of an enterprising organization solving what isn’t a
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technological problem but a “look at the world problem,” Surrett says, figuring out how to make single-shipment, same-day deliveries financially feasible for both business and individual customers.

Similarly, Gorlin is tapping into an existing network with the Roadie app. People post their delivery needs through the app. Drivers who sign up with Roadie learn when posted jobs fit their travel route. The result can be some unusually fast deliveries.

In one instance, a man purchased a 10-foot rug at a store, then realized when he got in line to pay that he would not be able to fit the rug into his two-seat car. He put out a request on Roadie. By the time he reached the cash register, he’d received a bid to handle the delivery. The rug was picked up soon after.

In just about one year, Roadie has established a network of more than 20,000 drivers in every U.S. state. Will companies use Roadie? So far, small businesses enlist Roadie like a courier service, using it for deliveries of items ranging from flowers and baked goods to chandeliers.

“Much the same way the largest taxi company in the world—Uber—doesn’t own a car, and the largest content provider in the world—Facebook—doesn’t produce its own content, and the largest room booker in the world—Airbnb—doesn’t own any rooms, major players in the transportation and shipping field might not be reliant on this vast network of planes, trucks, and complex sorting systems,” Gorlin says. “They can use the natural resources that are already out there. They can use those 250 million vehicles that hop on the road every day.”

6. Drones

In 2015, the Federal Aviation Administration introduced Exemption 333, which lifted the prohibition on flying drones for commercial purposes. Since then, “there has been massive growth in the drone industry, and several millions of dollars are being invested,” says Lawrence Corban, co-founder of Guided Systems Technologies, a Stockbridge, Ga.-based provider of turnkey helicopter unmanned aerial vehicles and systems.

“We are at the very beginning of an industry that has been choked for the past 20 years,” he says. “The grip is starting to loosen and the industry is going to explode.”

Guided Systems Technologies has been involved in developing drone technology and applications for years with the Department of Defense. Now, the company is exploring opportunities in private industry. Corban has designed a system that he says removes many of the primary obstacles to the widespread use of drones. His system uses a large fuel-powered aircraft that carries smaller, short-range electric aircraft within range of their delivery addresses. The aircraft can carry large quantities of cargo or smaller drones to an area and dispense them with their deliveries, solving the inefficiencies of a single drone traveling a long distance to deliver one package.

The drones make deliveries to dedicated kiosks on the ground equipped with a user interface for people who want the package delivered. Packages can be shipped to and from the kiosk, with the drones landing and taking off from the top of the kiosk — providing a predictable, obstacle-free “runway.”

Corban designed the system with developing countries in mind, particularly those with remote villages difficult to reach because of unpaved roads that are occasionally impassable. The ongoing push to improve internet connectivity in these remote parts of the world will not spark economic growth without improved physical access, he notes.

“My goal in designing that runway system is to bridge the gap and help developing countries realize the economic growth that will be at their fingertips but still out of reach,” Corban explains. “We get distracted by our own desire to have a drone land in our front yard when, in reality, the true utility and greatness of drone delivery lies in helping impoverished people get out of their poverty.”

Currently, it is difficult to make the financial models for drone delivery work, Corban says. Companies must invest large amounts of money to develop products and services that are affordable to customers. Once they achieve that, “the margins are not great,” he says.

Still, Corban says, it is only a matter of time before the commercial drone industry overcomes those issues and spreads its wings — in the United States and the rest of the world. “By 2020, drones will be integral to everyday life,” he says.
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3PL Partnerships:

How to form a relationship with your 3PL that’s so productive and strong, you’ll want to put it in a heart and wear it where everyone can see.

In some ways, signing a contract with a third-party logistics (3PL) provider is a lot like getting a tattoo. Just as you have to put plenty of thought into any design you ink on your body, you need to spend time carefully crafting the bond you form with a 3PL.

After all, you’ll be living with that relationship, day after day, for a long time. You need to fashion a partnership that reflects your goals and values—drawn expertly—with clear, sharp lines. And you’d better like that relationship a lot, because getting rid of it could prove difficult, painful, and expensive.

What are the secrets to forming and sustaining a great 3PL partnership? Based on conversations with some shippers and their service providers...
currently engaged in strong alliances, some of the keys include clear expectations, a desire to collaborate, well-engaged employees, and honest, ongoing communication.

Here’s a look into some of those relationships, where the commitment to mutual success runs far more than skin deep.

The Human Element

Facilities are important. Technology is important. Finding a service provider that understands your industry is crucial. But the secret sauce in a great 3PL partnership consists of good people.

“It comes down to the attitude of the professionals in the business,” says Chris Gain, vice president, operations and technology at McGregor American Essentials in Toronto. “They want to tackle your problems; they’re excited about the opportunities; they like the industry.”

By Merrill Douglas
American Essentials is a wholly owned subsidiary of McGregor Industries, a family-owned manufacturer of dress socks sold under the names Calvin Klein, Cole Haan, Izod, Tommy Hilfiger, and Chaps. The Canadian company formed American Essentials to sell its products in the United States. Since 2015, gateway logistics provider Port Logistics Group has handled inbound logistics and outbound order fulfillment for American Essentials from its City of Industry, Calif., distribution center.

Looking for the Right Accessories

American Essentials started its search for a 3PL in 2014. The company wanted a partner to receive its product from overseas manufacturers, store it in a Los Angeles-area facility, and then manage distribution to the retail chains that make up its customer base. The 3PL needed to understand the apparel and accessories market, and know what it takes to comply with the stringent shipping requirements that retailers impose.

“We’re losing money on your business,” Weiss says. “The customer needs to make sure the 3PL earns a small, fair profit.”

Once the two companies struck a deal, they developed a detailed implementation plan. During implementation, they held weekly conference calls. “As we got closer to completion, we had biweekly calls with the IT department, who are critical to ensuring smooth information exchange,” Weiss says. And right before the go-live date, the partners started talking every day.

Daily Data Dump

Day-to-day, most of the information the 3PL and the shipper share passes between them automatically, with no need to enter data. “Data exchange happens in near real time,” says Gain. “It eliminates all the ‘noise’ from the operations team, so they can concentrate on making sure we quickly meet our customers’ needs.”

Port Logistics Group produces a monthly report to show how it performs against a set of key performance indicators (KPIs). “A flag is raised if something sticks out,” Weiss says. Also, like many shipper-3PL pairs, American Essentials and Port Logistics Group hold quarterly business reviews (QBRs), where senior managers from both sides meet to discuss the past three months and look ahead to the future.

The good working relationship that the two companies have forged allows them to make crucial adjustments in logistics operations as business needs change. Early in the relationship, for example, American Essentials started a large, new program with retailers from a shoppers’ club. Suddenly, the company needed extra warehouse space to accommodate the inbound inventory. “Port Logistics Group found us extra space,” Gain says. “And because they do our drayage, and it’s all a single throat to choke, they were able to bring in those containers in large volume.”

Port Logistics Group also had to use different materials handling equipment for this new merchandise, Gain says.

Smooth Operators

The two partners made the change smoothly — in part, because they started making plans together as soon as Gain’s team learned about the potential for new business. It also helped that the 3PL had a strong portfolio of assets in Southern California. “Port Logistics Group could swing into action and ramp up quickly for us to be able to meet a need that, in the past, we probably wouldn’t have been able to meet,” Gain says.

Because he considers the human factor so essential to the business relationship,
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Gain recommends that shippers looking for a 3PL partner take a lot of time to get to know the people on the front lines. “Talking to the people on the floor in the facility reveals whether they are engaged in the business,” he says. “You can tell when people are actively interested in the problems they’re solving.”

Skin in the Game

“Many people think that when you choose a 3PL, you close your eyes and business gets done,” says Kristina Enbom, director of operations at Globe Electric. But that’s not how outsourcing works. “You have to keep your hand in the business and work with the 3PL as true partners.”

Based in Montreal, Globe Electric makes lightbulbs, lighting fixtures, and electrical products, which it distributes to retailers and also sells to consumers through an e-commerce channel. Since 2014, it has contracted with Weber Logistics to manage its logistics in the United States.

Weber receives Globe’s product from overseas manufacturing sites, stores inventory in a Norwalk, Calif., warehouse, fills orders for customers, and manages outbound transport using common carriers, couriers, and its own fleet. A second 3PL plays a similar role for Globe in Canada.

Globe first turned to Weber for help with its growing e-commerce business. Weber had considerable expertise in that channel. The Globe team also liked how Weber integrated information technology into its operations.

In addition, the Globe team recognized a strong cultural match between the companies. “Weber treats us the way we treat our customers,” Enbom says. Those conclusions emerged after Globe thoroughly investigated the 3PL. “We were in and out of their facility one million times,” Enbom says.

After the companies signed their contract, the visits continued. “We were on site with Weber’s engineers, picking locations for the product, and determining how the pick-and-pack operation would work, where it would work, how many pick lines we needed,” Enbom says. The team also collaborated with Weber’s IT department, to make sure the shipper had access to all the reports it wanted.

Constant Communication

Once Weber had the new operation up and running, startup talks gave way to a routine of scheduled communications. “We have conversations at the beginning of every day to discuss what’s coming, what we’re expecting, and what issues have come up,” Enbom says. “At the end of Weber’s day, which is three hours behind ours, we get an e-mail recap of what shipments went out, what’s still pending, and what’s planned for the next day.”

There’s also a phone call on the agenda every Wednesday. “Weber gives us a heads-up on what’s coming in the next week and anything pending for the same week,” says Thelma Leon, who has managed Globe’s operation in the Norwalk DC since early 2015. “They also communicate any special promotions.” The partners also hold QBRs.

Besides using scheduled meetings to coordinate their day-to-day work, the two partners collaborate closely to respond to the unexpected. One example occurred in 2015, when a sudden surge in e-commerce orders taxed the DC’s resources.

To handle the increased volume, Globe agreed to let Weber bring in another shift of workers, so the 3PL could start filling orders earlier in the day. “And we worked on our end to prioritize which orders needed to go first, second, and so on. Every two or three hours, we were back on the phone,” Enbom recalls.

Globe gave Weber the option of holding some e-commerce orders for next-day fulfillment. Globe and Weber also rescheduled some fulfillment to retail customers, to spread the total workload more evenly across the week.

Like Enbom, Leon recommends close coordination and communication as keys to a successful 3PL relationship. When a problem emerges, she says, the 3PL should never be afraid to ask the shipper for help in finding a solution.

“Many of us have the mentality that the customer is always right: If they need something, we have to do it,” Leon says. But often, it pays to let the shipper know how a little leeway in the operation can yield success for both parties. “The most important thing is opening that communication bridge between the customer and ourselves, so we can grow together.”

 Thought Leadership

ConAgra Foods and C.H. Robinson have maintained a partnership for more than 20 years. The Omaha-based food company uses the non-asset-based 3PL mainly to broker full truckload transportation for its consumer products, in specific lanes. It often calls on C.H. Robinson to help with tricky freight challenges.

“When we have big surges in our network because of promotions, we look to providers like C.H. Robinson to help pick up some of that volume,” says Terry Laluk, ConAgra’s director of transportation procurement.

To stay on top of such challenges, Kevin Fay — C.H. Robinson’s key account manager for ConAgra — and his team talk daily with more than 20 load planners and operations staff at ConAgra. “We provide status
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updates on current shipments and ask about any future shipments or other operational issues they have,” Fay says.

ConAgra named C.H. Robinson its Dry Brokerage Provider of the Year for 2015. The 3PL earned that award not just by scoring well on objective measures such as on-time delivery, but also by serving as a trusted strategic advisor.

“C.H. Robinson helps us rethink supply chain challenges and suggests how we can do things differently,” Laluk says.

Beyond the basic business relationship, ConAgra turns to C.H. Robinson for expert perspective on the transportation industry.

“Learning about the macro environment, what’s going on with capacity, is helpful,” Laluk says.

Because the 3PL works with so many trucking companies, it’s especially sensitive to fluctuations in the transportation market. “They have a feel for how many carriers are going bankrupt and how many new ones are entering the market,” he says. Such intelligence can influence the shipper’s transportation procurement strategy.

C.H. Robinson has also provided valuable insight into the potential impact of upcoming government regulations. One example is the federal mandate that carriers install electronic logging devices (ELDs) on all their trucks by December 2017.

“We hear a wide range of opinions from all over the United States — the ELD mandate will put hundreds of thousands of carriers out of business, or the mandate will have minimal impact,” Laluk says. Thought leadership from a company such as C.H. Robinson, with deep experience and a broad view of the industry, helps ConAgra gain a more balanced view.

For any shipper, a long, close relationship with a reliable logistics service partner can be a great advantage. “You want to have a partner you can believe and trust,” Laluk says.

On the 3PL side, says Fay, one secret behind a successful partnership is taking a proactive approach. “Is the customer always contacting us with issues, or are we getting out in front of things and letting them know what we’re seeing?” he says.

Whether staff at the 3PL notice that a delivery is running late, or they’ve heard through the grapevine that capacity could grow especially tight in the coming week, it’s important to get that information to the shipper as early as possible, he adds.

Another key to a successful partnership, according to Fay, is that the 3PL display a strong sense of integrity. “We’re not one company with the load planners and a totally different company around the executives,” he says. “We treat everyone the same.”

Custom Work

Lifestyle products company Shinola teamed with Reading, Pa.-based 3PL Penske Logistics in 2014 because it wanted to stop managing distribution on its own. Growing at a breathless pace — a 250-percent jump in units shipped between 2013 and 2014 — Shinola was continuously reinventing its logistics strategy. It needed not just more warehouse space, but also a partner to help shape its transformation.

“We knew no one was going to come in the door with all the answers,” says Jonathan Hughes, treasurer at the Detroit firm. “But we wanted that organization to appreciate and work with us, and respond and grow.”

Founded in 2011, Shinola sells American-built luxury products, including watches, bicycles, accessories, leather journals, and other leather goods. It produces or assembles many of those products in Detroit, and sells them through its own retail stores, an e-commerce channel, several major retail chains, and about 300 independent stores.

Penske operates a distribution center for Shinola near the manufacturer’s headquarters, receiving finished goods, filling wholesale and e-commerce orders, managing inventory, replenishing stock at company-owned stores, and brokering freight. Inventory in the facility includes items such as packaging and store fixtures, as well as products for sale.

Before taking over Shinola’s distribution, Penske sent a team to the company’s internal DC to learn the existing operations inside out, says Brian Mackowiak, area vice president at Penske Logistics. As the 3PL moved the operation into its own facility, it brought in seasoned supervisors from other DCs to help for several months.
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“Then we gained more stability to form our team locally, working with the associates we took over from Shinola and hiring many more in 2015 and 2016,” he says.

With the new DC up and running, the Penske team — headed by operations manager Ed Evanoff — started communicating with Hughes’ team at Shinola several times each day. The fast-changing nature of the business makes that kind of collaboration crucial. “We have a forecast, but we receive substantial growth on the e-commerce side,” Evanoff says. “So we have to be able to adapt daily.”

**3PL Adds Value**

Along with traditional logistics activities, Shinola requires a variety of value-added services, such as monogramming leather journals and handwriting a note to enclose with each e-commerce shipment.

Shinola might soon start shipping engraved jewelry from the DC as well. “So that’s another thing Penske is going to learn,” Hughes says. “The demands that we have are probably not reasonable, but Penske has responded better than we would have done internally.”

In one case, Penske and Shinola collaborated closely on value-added services for a special order that originated close to home. In 2015, in honor of its 50th anniversary, Team Penske — the auto racing organization founded by Penske Corporation founder and chairman Roger Penske — asked Shinola to produce 1,800 units of a special edition gift watch. Each watch had a serial number, and Penske Logistics had to keep the units in order.

“It took coordination, and a close partnership with the workers at Shinola who were manufacturing the watches, to make sure they were organized,” Evanoff says.

Shinola manufactures high-quality, handcrafted leather products that require special care from its 3PL, such as a handwritten note enclosed with every e-commerce shipment.

Staff in the distribution center also had to ensure the watches were packaged to perfection. “The watches had a black matte finish, so we had to put some dust controls in place, and workers had to wear white gloves when they packaged them,” Evanoff says. The staff had just four days to pack and ship all 1,800 units.

Sustaining a partnership like the one between Shinola and Penske requires that staff on both sides understand what Shinola is trying to accomplish. “This business does not work unless the employees buy in to what we’re trying to do,” says Hughes.

**Getting the Customer View**

That’s why, when Evanoff hires new associates in the DC, their training includes a quick trip to Shinola’s flagship store in Detroit, to get a customer’s-eye view of the company. “Once workers see and understand the customer, they take a little more pride in processing the orders,” he says.

At Shinola, management considers the associates who work in the Penske distribution center as part of their own staff. “If they’re successful, we’re successful,” says Hughes.

A strong partnership requires a delicate balancing act. Naturally, the shipper needs to manage the 3PL. “It’s hard for us not to be directional,” says Hughes. But the 3PL also needs to manage the customer.

“We reached out to Penske to leverage their expertise,” Hughes says. “Sometimes we have to sit back and let them do what we hired them to do.”

When a shipper and its 3PL partner craft a balanced relationship, built on communication and a deep sense of trust, that partnership enhances every aspect of the supply chain operation — just as a well-crafted tattoo, artfully placed, can enhance a person’s appearance.
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Ever get a tattoo? You don’t just go to the first place you stumble across. It usually takes some shopping around to find the right parlor. You ask your friends and acquaintances for recommendations. You go on the internet and read reviews. Eventually you narrow it down to the right artist, and you take the plunge. Maybe it’s scary. Maybe you worry that as you change and grow, the tattoo won’t be a good fit for you anymore. Doesn’t sound so different from finding a logistics partner.
Your tattooist and third-party logistics (3PL) provider are both artists in their respective fields. Making a deal with either can be a big commitment. Both the ink master and the logistics master will do their best to calm your fears before they begin working. And if the situation calls for you to drop your guard and bare some secrets, they’ll keep it between the two of you.

It has been an interesting year for logistics and the supply chain (and probably for tattoo artists, too). The United States continues to recover from the 2008 recession. The trucking capacity crisis finally broke, though the driver shortage continues in select lanes and many experts predict another capacity crunch looms for 2017. American transportation infrastructure continues to crumble as it remains chronically underfunded. It’s an election year, and the Trans-Pacific Trade Partnership hangs in the balance.

Across the pond, the population of the United Kingdom voted to leave the European Union, which sent markets plunging and has the potential to turn the European supply chain upside down. Across the other pond, China seems headed for a recession, which will impact the entire Asian region and the world. In many regions, a growing consumer class is spurring opportunities for growth. Companies will need new skills, technology, and know-how to leverage this consumption uptick.

All this uncertainty and opportunity leads many companies to seek 3PLs with the expertise to help navigate uncertain or uncharted waters. During and after the Great Recession, shippers and manufacturers used 3PLs to improve supply chain visibility, streamline processes, reduce costs, drive growth, and, in some cases, survive. With so much up in the air for global supply chains, these 3PL relationships will only keep expanding.

Growth Slows Year-Over-Year

Growth in the 3PL sector has fallen for the second year in a row, and a bit further this year than last. In 2015, 91 percent of 3PLs responding to Inbound Logistics’ 3PL Perspectives market research survey added 5 percent or more new customers. In 2014, the growth was 92 percent. For several years prior, growth had been strong and steady, going all the way back to 2011, where survey respondents reported only 73 percent growth. But in 2016, only 84 percent of respondents report growth.

This slip in sector growth is likely due, in part, to economic stabilization. As companies finally begin to pull out of panic mode, they are leaning less on logistics providers to shield them from supply chain disruption and market fluctuations. And many 3PLs count on shipment volumes as a source of revenue. With growth stalled in many industries, shipments are down, and some 3PL earnings reflect that.

Still, with uncertainties overseas both East and West, 3PLs might soon find themselves with plenty of new clients struggling to adapt their logistics practices to changing trade agreements and consumer growth.

Also, 12 percent of 3PLs surveyed report a decline in business. When the supply chain is streamlined and logistics operations run smoothly, it’s important to remember how they got that way. Organizations sometimes try to save a buck by cutting their partners loose when things look good, but that might not be the most forward-thinking business decision. Companies often break ties with partners only to find they don’t have the
percent. This falls in the middle of recent years, compared with 86 percent) remain the top markets served by logistics providers.

90-percent revenue growth in 2015, and Even when the supply chain is finely oiled, the logistics provider’s value doesn’t diminish. Success plays a role, too. As customers optimize logistics and supply chains, and overcome logistics challenges, 3PLs are left with less to do.

The good news is that the moderate decline in customer growth doesn’t seem to have greatly affected profits. This year’s survey reveals that 87 percent of respondents increased profits by at least 5 percent. This falls in the middle of recent years, compared with 90-percent revenue growth in 2015, and 82 percent in 2014. In fact, more than 25 percent of those surveyed report revenue increases of more than 20 percent. What’s behind this growth?

First, technology and efficiency upgrades that providers implemented during the recession are now improving the bottom line post-recovery, when more money is coming in. Second, the oil market’s continued oversaturation drove prices to lows most of us never expected to see again. That’s not great news for 3PLs specifically tied to the oil and gas industry, which likely contributed to the 3-percent decline compared to 2015. But for most companies providing transportation services, low oil prices are good for the corporate wallet.

Despite the downward motion of customers and profits, most companies pushed harder on sales initiatives. More than 85 percent of 3PLs surveyed say sales were up by at least 5 percent. One 3PL attributes its increased sales to air services it provided to shippers affected by the West Coast port strike. “Growth in sales and customers is a combination of organic growth through winning new customers and providing additional services to existing customers,” says another provider.

Holding these sales and profit numbers fairly steady is the 3PL’s ability to diversify its customer base. No matter which industry is being served, logistics practices have some overlap. As such, most providers can specialize in many verticals, and help implement supply chain practices for just about any shipper that needs them.

By serving multiple verticals, 3PLs insulate themselves from too much impact if one winds up in the red. For example, one logistics provider says: “Our transportation business was flat due mainly to decline in the oil and gas industry. Our value-added services business was up due to an enhanced sales effort and increasing customer demand for our services.”

Manufacturing (89 percent); transportation (87 percent), which includes warehouses, carriers, and other 3PLs; and retail (86 percent) remain the top markets served by logistics providers. Specialized verticals also continue to be profitable. Consumer packaged goods (83 percent) and food and beverage (81 percent) top the list of verticals providers serve, while automotive, electronics, and construction and building materials tie for third at 73 percent each.

“Our dedicated sales team strives to identify new opportunities and expand into new verticals so we can offer our services to

<table>
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</table>

infrastructure to maintain what the provider built. Think about the technology solutions your 3PL provides, such as performance evaluations, shipment tracking, business intelligence, and visibility. Many shippers aren’t equipped to take on those tasks on their own. Even when the supply chain is finely oiled, the logistics provider’s value doesn’t diminish. Success plays a role, too. As customers optimize logistics and supply chains, and overcome logistics challenges, 3PLs are left with less to do.
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an increasingly diverse customer base,” says one respondent. “By
developing new vertical markets, we are further strengthening the
foundations of our organization against external shifts in economy
or industry.” Past downturns taught 3PLs that overspecialization
can lead to having too many eggs in one basket.

Some of 2015’s vertical specialization upticks moved in the
opposite direction in 2016. Fewer providers (61 percent) report
serving healthcare. Furniture dropped from 66 to 64 percent,
and renewable energy from 43 to 38 percent. Large increases in
servicing these areas last year likely tapered off as some providers
found their niche in a specific vertical, while others found it wasn’t
for them.

While you might expect 3PLs to move away from the oil sector
as a result of recent price trends, the oil and gas sector actually
gained 1 percent, moving from 44 percent in 2015 to 45 percent
in 2016. Some attribute the growth to an increase in the use of
natural gas and other cleaner products as pollution-conscious
countries continue to slowly phase out coal.

Get Your Assets in Gear

A plethora of non-asset-based brokers entering the market
shook up the 3PL sector in recent years. Asset-based carriers were
hit by the recession and struggled to lean assets while trying to
compete with non-asset brokers.

With the recession coming to a close, asset-based 3PLs
have been able to ease up on cost-cutting measures. As such,
providers were less afraid to acquire property, and there was an
increase in providers that consider themselves asset-based in 2016
(14 percent), compared to 11 percent in 2015. One 3PL reports
owning more than 700 warehouses, and three say they own more
than 100,000 trucks each. This balances a slight decline in non-
asset-based providers, with 44 percent declaring themselves
non-asset-based, as opposed to 46 percent in 2015. In addition,
42 percent say they are both asset- and non-asset-based.

Even though the capacity crisis that plagued the freight
industry eased up some in 2016, it won’t be held at bay forever.
The driver shortage is expected to continue growing, and new
regulations such as the Driver Coercion Law will come into play.
Both will inevitably affect freight capacity.

For now, shippers are doing their best to push rates down
in advance of the next crunch. But moving forward, asset-
based providers likely won’t struggle finding new shippers and
intermediaries looking to secure available capacity before it’s
already filled.

Shippers Have Problems,
3PLs Have Technology

With only 52 percent of 3PL respondents listing capacity as a
problem (versus 65 percent in 2015), new issues top the list of
big concerns. Technology investments are the biggest worry, with
62 percent of respondents naming it as a top challenge. 3PLs
have to keep up on the latest IT investments, because their clients
sometimes don’t. “Shippers are in the Dark Ages, technology-
wise, compared with brokers and carriers,” says one respondent.
Less than half (48 percent) of shippers list supply chain technol-
ogy as something that they buy themselves.

Many shippers and manufacturers hire 3PLs specifically to
tap into technologies that the shipper doesn’t have. As cloud net-
works and the Internet of Things connect each step in the supply
chain, it becomes easier for providers to host and lend Software-
as-a-Service technology to their clients. This saves the shipper
from a large technology investment and helps the 3PL maintain
value and service. Many 3PLs also have a good record of helping
shippers eventually integrate their own technologies.
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After technology, 54 percent of providers list finding, training, and retaining labor as their next biggest problem, and 22 percent of shippers have the same concern. In 2015, 57 percent of providers and 14 percent of shippers listed the issue as a problem.

With a marginal decrease in labor concerns for providers, and an 8-percent increase for shippers, the cost of government regulation and related issues means shippers will continue to outsource transportation, logistics, and supply chain functions so they don’t have to invest in finding and training their own labor. It’s no secret that there’s a shortage of skilled labor in the logistics, transportation, and manufacturing sectors. This trend circles back to technology, as 3PLs are often already making the appropriate technology and automation investments to offset labor concerns.

Among shippers, 56 percent of respondents rate cutting transport costs as their biggest challenge, followed distantly by business process improvement (32 percent), and improving customer service (32 percent). These are all challenges that can be met with technologies and expertise that many 3PLs already have or can readily obtain more easily than most shippers.

Here’s something that will allay any doubt you might have about how much shippers rely on 3PLs for IT services: When asked why their particular 3PL deserves industry recognition, hundreds of shippers commented that their 3PL had “best-in-class technology.”

### What Shippers Want

Technology isn’t always the primary factor when companies decide to outsource. Motor freight (75 percent), warehousing and distribution (66 percent), and small package/expedited/express (65 percent) were the top three services shippers say they purchase. 3PL services came in a close fourth at 64 percent, though, of course, they overlap with the top three in many cases.

Many 3PLs got their start in transportation management, so naturally services such as trucking, warehousing, and package delivery will always be a part of the industry. But during the recession, shippers had a lot more say over how much they paid for these services. With less control over cost, shipper demands are now changing. When asked to choose between the importance of cost or customer service, 78 percent prioritize customer service — an 8-percent rise from 2015.

Cost and customer service often go hand in hand. One shipper sings the praises of a 3PL who refunded the entire cost of a shipment after delivering late. Many others equate great rates with great service. Preferring service over cost doesn’t mean shippers don’t want low rates, it just means they want to pay the lowest rate possible without sacrificing service. One shipper hits the nail on the head about the value of customer service: “My 3PL recognizes that our success is their success as well.”

The service that consumers have come to expect from retailers reverberates back up the supply chain. When shoppers want
With the expanded Panama Canal newly opened, everything speeds up, all the way down the chain. A large part of customer service is reliability, and with the new pace and expectations set by the e-commerce age, reliability is one of the most valuable things that a 3PL can provide. Shippers list bad customer service (39 percent) and failed expectations (32 percent) as the top reasons why 3PL relationships fail. Cost, however, comes in as an afterthought at a distant 6 percent (down from 15 percent in 2015), just after competition at 8 percent (down from 14 percent in 2015). The downward trends of cost and competition show that 3PLs are doing a good job of remaining competitive and providing good service at a good price point. However, 40 percent of 3PL respondents still say that finding and retaining clients is a challenge. As demand for customer service continues to rise, logistics providers will need to meet that demand if they want to hang on to their customers. After all, it’s a lot easier to please an existing customer than it is to find a new one.

Even with the industry’s high customer service levels, some shippers still want to diversify. 29 percent of respondents use more than one 3PL, while 26 percent use only one. The biggest percentage, 44 percent, say the number of 3PLs required depends on the given situation, such as vertical, function, or location. If a shipper picks up a second 3PL because it offers a service or location their existing partner can’t provide, that doesn’t necessarily reflect on the existing partnership. It’s just good business.

**Around the World**

3PLs have come a long way from the days of helping companies source cheap suppliers in far-flung global locations. Today, many areas that once were known for cheap manufacturing services have built their own consumer culture. The rising consumer class in China is a good example of this phenomenon. And it’s not just the giants playing overseas anymore. Thanks to the internet and the age of e-commerce, even little guys can push product overseas, creating a growth area for many 3PLs.

This can make things confusing for global operators. Should you nearshore your operation close to home, or move it near your next big market to feed expected demand? It’s not always feasible to have manufacturing facilities or storage space in every market served, and this is definitely one area where the right logistics provider can make all the difference. Many of the project requests that IL received this past year reflect that trend.

Among respondents, 40 percent of 3PLs offer services in Asia, and 34 percent in Southeast Asia. Meanwhile, 28 percent of shippers contract with a 3PL in Asia, and 17 percent use logistics providers in Southeast Asia. Compared with 2015 data, shippers are outsourcing 6 percent more in Asia, but 3 percent less in Southeast Asia. As China gets nearer to a recession, demand in the region may be reduced until the country’s new middle class can stabilize.

There has also been an increase in Europe, with 27 percent of shippers outsourcing there, up from 20 percent in 2015; 37 percent of providers surveyed say they offer coverage in Europe. This number will likely climb steadily on both sides as the European supply chain reshapes itself and trade between the United Kingdom and the European Union gets more complicated.

Also of note, 19 percent of shippers contract logistics services in South/Central America, up from 15 percent in 2015, and 37 percent of providers offer coverage in the region, down from 43 percent. With the expanded Panama Canal newly opened, there’s likely to be a surge of logistics activity in this region moving forward. 3PLs will no doubt be there to pick up the slack.

**2016 Top 100 3PLs**

*Inbound Logistics*’ 21st annual Top 100 3PL list, as selected by IL editors, complements 3PL Perspectives. This annual compendium celebrates logistics service providers that are at the top of their game while detailing the broad array of services and solutions these companies provide.

Pulling together this list of Top 100 3PLs demands a great deal of due diligence. Nearly 300 companies submitted questionnaires for consideration this year, and IL editors conducted a careful analysis of surveys, phone interviews, and online research to qualify and vet these selections.
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<td>888-612-6239</td>
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**markets served:**
- Aerospace (AERO)
- Agriculture (AGRI)
- Apparel & Textiles (APP)
- Automotive (AUTO)
- Chemicals (CHEM)
- Construction/Bldg, Mat'l's (CONS)
- Consumer Packaged Goods (CPG)
- Electronics (ELEC)
- Food & Beverage (FAB)
- Furniture (FURN)
- Groceries (GRDC)
- Healthcare (HEALTH)
- Oil & Gas (G&G)
- Pharmaceuticals (PHARMA)
- Trade Shows (TRADE)
### INBOUND LOGISTICS
#### TOP 100 PROVIDERS

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<td>CaseStack</td>
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<td>800-878-2334</td>
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July 2016 • Inbound Logistics 171
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<td>flstransport.com</td>
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<td>253-872-7140</td>
<td>holmanusa.com</td>
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<td>479-860-0000</td>
<td>jihunt.com</td>
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<td>Johanson Transportation Service</td>
<td>559-458-2200</td>
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<td>Kenco</td>
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<td>kuehne-nagel.com</td>
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<td>legacyncs.com</td>
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**Areas Served:**
- ASIA/SOUTHEAST ASIA
- NORTH AMERICA
- EUROPE
- MIDDLE EAST & NORTH AFRICA
- SOUTH CENTRAL AMERICA
- CANADA MEXICO
- US

**Asset Key:**
- A: Asset-based
- N: Non-Asset Based
- B: Both

**Markets Served:**
- AGRI
- AUTO
- CHEM
- CONS
- CPG
- ELEC
- ENER
- F&B
- GROC
- O&G
- PHARMA
- TRADE

**Logistics Services:**
- INBOUND DEPOT LOGISTICS
- O/E/TRANSPORTATION PROCESSING
- INVENTORY MANAGEMENT
- SHARED SERVICES
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<td>CONG, Construction/Bldg, Mat'l's</td>
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<td>630-243-5950</td>
<td>lesaint.com</td>
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<td>Lynden</td>
<td>888-596-3361</td>
<td>lynden.com</td>
<td>NORTH AMERICA</td>
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<td>LynnCo Supply Chain Solutions</td>
<td>919-280-5386</td>
<td>lynnco-scs.com</td>
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<td>AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, FURN, O&amp;G</td>
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<td>317-838-8900</td>
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<td>MIQ Logistics</td>
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<td>miq.com</td>
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<td>781-663-5000</td>
<td>moduslink.com</td>
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<td>NFI</td>
<td>856-634-3777</td>
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<td>Performance Team</td>
<td>866-775-5120</td>
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**176 Inbound Logistics • July 2016**
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<th>Markets Served</th>
<th>Areas Served</th>
<th>Vertical Specialization(s)</th>
<th>Services</th>
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<td>National</td>
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## Inbound Logistics

**TOP 100 Providers**

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<tr>
<th>Company Name</th>
<th>Web Address</th>
<th>Areas Served</th>
<th>Markets Served</th>
<th>Logistics Services</th>
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<td>UTLX</td>
<td>800-351-2821 utxl.com</td>
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**Areas Served**

- ASIA/SOUTHEAST ASIA
- MIDDLE EAST/NORTH AFRICA
- EUROPE
- EASTERN EUROPE/BERLITZ
- SOUTH/CENTRAL AMERICA
- CANADA/UK
- US ONLY

**Markets Served**

- MANUFACTURING
- RETAIL
- WHOLESALE
- SERVICE INDUSTRY/GOVERNMENT
- VERTICAL SPECIALIZATION(S)

**Logistics Services**

- INBOUND-OUTBOUND LOGISTICS
- LOGISTICS AND TECHNOLOGY REENGINEERING
- INTEGRATED LOGISTICS
- WINNING TRADE SERVICES
- ON-SITE AUDITING/PRICING
- VENDOR MANAGEMENT
- SHARED SERVICES

**Asset Key**

- A Asset-based
- B Both
- N Non-Asset Based

**Contact Information**

- 920-831-3700 Tucker Company Worldwide
- 856-317-9600 Tucker Company Worldwide
- 866-456-9726 UniGroup Logistics
- 586-467-1457 Universal Logistics Holdings (Universal)
- 314-819-6576 Unyon
- 800-PIC-KUPS UPS
- 800-351-2821 UTLX
- 972-371-5014 Vantix Logistics
- 877-356-6819 Veritiv Corporation
- 800-563-2653 VersaCold Logistics Services
- 816-421-3520 Wagner Logistics
- 855-469-3237 Weber Logistics
- 402-895-6640 Werner Enterprises
- 319-365-5247 Worley Companies
- 920-831-3700 WSI (Warehouse Specialists, LLC)
- 844-742-5976 XPO Logistics
- 800-414-3895 Yusen Logistics (Americas)
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Search the Top 100 and more than 100 additional companies online. inboundlogistics.com/find-a-3pl

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Discover Why 3PL Central Has Become the Largest Provider of Cloud-Based WMS Solutions in the US. • Free Demo
For more than 60 years, the mission of Atlanta Bonded Warehouse and Colonial Cartage has remained constant: to provide best-in-class integrated warehousing, transportation, and co-packaging services to the food, pharmaceutical, and related CPG industries. Our goal is nothing short of total customer satisfaction.

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The global supply chain is ever changing. International trade deals, wars, embargoes, company failures, start-ups, and increasing regulations don’t even begin to complete the list of things shippers have to stay on top of. Many companies just don’t have the specialized knowledge in house to successfully manage complex logistics operations.

That’s where the third-party logistics (3PL) provider comes in. 3PLs bring more to the table than just knowledge. They bring the right people, years of experience, technology solutions, and the global connections necessary to keep your shipments moving quickly and efficiently. Larger companies might have some of these skills on staff, but the difference is that logistics is what 3PLs do. They aren’t out developing a new product line, or planning the next big ad campaign. Their sole focus is on moving your goods through the supply chain.

So if your supply chain suffers from frequent interruptions, or you’re paying too much to ship your product, or you simply feel overwhelmed, a 3PL might be just what you need. Savvy supply chain managers look for several characteristics when they choose a logistics partner.

Every leading 3PL is reliable. “Unyson’s customer service is top notch. If a problem arises, I can always count on their employees to come up with a quick and effective solution,” says C.A., a logistics coordinator.

They always put your needs before their own. “J.B. Hunt has always gone above and beyond to make sure my needs are met,” says shipping clerk D.D.

They understand what it means to be partners. “Kenco understands what partnership means in a way far above and beyond the other current and potential logistics service providers that I work with,” says global carrier manager M.B.

They handle the worries so you don’t have to. One buyer, S.C., says: “C.H. Robinson finds us great deals on shipping and makes shipping freight easy and worry free for us.”

By handling part or all of their transportation and logistics operations, 3PLs help companies deal with a complicated, nerve-racking part of their business. When they know their supply chain is in safe hands, they’re free to concentrate on other areas, such as customer service, production, and product development.

Each year, Inbound Logistics’ annual Readers’ Choice Top 10 3PL Excellence survey gives those shippers a chance to give back to the providers that have taken on so much of the load.

More than 13,000 voters completed the 2016 survey to show their logistics partners just how much they are appreciated. From procurement to transportation management, manufacturing

**SOMETHING MISSING?**

Don’t see your logistics partner on this year’s Top 10 3PLs list? Your opinion matters! Shippers like you vote for their logistics solutions providers each year. Use the online ballot at http://bit.ly/Top103PL and tell us which 3PL you think does a great job for your company. We’ll present the results in our July 2017 issue.
to retailer, shippers from all parts of the supply chain across 55 different countries chimed in to express their gratitude, including many from brands you’ll recognize: Abercrombie & Fitch; Sunny Delight Beverage Co.; Petco; American Heart Association; Pfizer; Orkin Pest Control; Monster Energy Drink; Ocean Spray Cranberries; Bed, Bath, and Beyond; Blue Buffalo; and Campbell Soups. Every one of those companies spends millions on transportation and logistics services each year (see About the Survey Respondents and Vote of Thanks on the following pages for more background on this year’s voters).

With such a varied sample of industries and job titles providing input, our annual survey offers a widely varied analysis of today’s global supply chain. For example, shippers want providers that communicate—but do it politely. “Echo is my go-to company because they stay in constant communication, and are always friendly,” says G.S., an account executive.

But overall, shippers want service—78 percent of survey respondents rate service as more important than cost, an 8-percent increase over 2015’s data. Additionally, 39 percent rate poor customer service as the reason 3PL partnerships fail.

Year after year, the IL 3PL survey reveals the importance of great customer service to shippers. The best partnerships are not always the cheapest, but they are the ones that get the job done every time. V.T., a vice president of supply chain, says: “Transplace provides high-quality service that delivers outstanding results for our business.”

**IN THEIR OWN WORDS**

**A SAMPLING OF READER COMMENTS**

“C.H. Robinson makes our lives easier because of the tireless efforts its employees put forth every day. They are extremely knowledgeable and can work through any situation that we give them.”

— K.G., Production Planner

“We have used many 3PLs and Echo has been the only true partner working to drive down our costs and determine solutions for our supply chain.”

— P.R., Logistics Manager

“SEKO Logistics does what they say they are going to do for the price they said they would do it for. No surprises. They always offer creative solutions and are always competitive. There is no close second.”

— F.R., President

“Penske provides outstanding service, good systems, and attention to the details that matter.”

— G.E., Sales and Marketing Manager

“Ryder understands the importance of collaborative planning and has an excellent rapport with the transportation providers.”

— R.D., Director of Logistics

“XPO provides continued excellence, process improvement, and is constantly adding value-added services and IT technology to service customers and build a long-standing partnership to service all of their logistics needs.”

— B.W., Project Manager

**ABOUT THE SURVEY RESPONDENTS**

**FUNCTION**

- Corporate Management 30%
- Logistics/Distribution 37%
- Supply Chain/Purchasing/Supply Management 15%
- Transportation/Traffic Management 10%
- Operations 7%

**INDUSTRY**

- Manufacturing 35%
- Retail/Wholesale 45%
- Services or Government 20%

**ANNUAL TRANSPORT/LOGISTICS SPEND**

- More than $50 Million 21%
- $10-$49 Million 35%
- $1-$10 Million 26%
- Less than $1 Million 18%

**SERVICES READERS BUY**

- Motor Freight (TL/LTL) 75%
- Small Package Delivery, Expedited, Express 66%
- Warehousing & DC Services 66%
- 3PL, Contract Logistics 64%
- Rail, Rail Intermodal 49%
- Air Freight 48%
- Supply Chain Technology, Software/Systems 48%
- International Shipping, Freight Forwarding 46%
- Ocean, Ocean Intermodal 35%
- Materials Handling Systems, Equipment, Forklifts 35%
- Site, Port, or Facility Selection 30%
- Transportation Equipment 23%
- Fleet Operations, Dedicated Contract Carriage 22%
- Packaging/Labeling Systems 6%

**3PLs TO WATCH**

These 3PLs did not receive enough votes to place on this year’s Top 10 list, but they have a large following among our readers.

- BlueGrace Logistics
- DHL/Exel
- FW Warehousing
- GEODIS
- OHL
- TQL
- Unishippers
- Schneider Logistics
- FedEx
- Pilot
- R2 Logistics
- Werner
- Ventiv

182  Inbound Logistics • July 2016
WE HAVE THE TRUCKS. We have pioneered a dual-service approach allowing our trucks and logistics services to work in tandem. That’s why one of the world’s largest beer distributors trusts us to get their products delivered on time, intact and on budget. So whether you’re shipping beer or light bulbs, we’ll deliver the goods when others can’t.

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Thank You

Who votes for the Top 10 3PL Excellence Award winners? Inbound Logistics readers do. Here's a sampling of voters' industries and company sizes—from leading corporations to SMBs. This year, more than 13,000 of you cast ballots and shared praise for the 3PLs that support your supply chain, logistics, and transportation operations, and keep your company globally competitive. Thanks to all who voted.
C.H. Robinson

**WHY THEY WON:** C.H. Robinson has a reputation for being responsive and providing proactive solutions. “We serve a broad spectrum of customers and each has their unique challenges,” says John Wiehoff, chief executive officer and chairman of the board. “But the common denominator is that they are all looking for smart ideas and real results. We are proud to be a part of that strategy.”

C.H. Robinson says its employees are its biggest advantage. “Every day, our more than 13,000 employees around the world work hard to build positive relationships with customers, contract carriers, suppliers, and growers,” says Wiehoff. “Our employees’ dedication is unmatched, and they take great pride in helping every customer’s supply chain become a competitive advantage.”

Customers also recognize the employees’ hard work. “C.H. Robinson makes our lives easier because of the tireless efforts its employees put forth every day,” says one. “They are extremely knowledgeable and can work through any situation we give them.”

Another customer adds, “The way they treat and respect their employees is evident in the way the employees treat customers.”

**CLIENT ROSTER:**
- Microsoft
- Lowe’s
- Dollar General
- ConAgra Foods
- Brose North America

**CASE STUDY: BRYNWOOD PARTNERS/HIGH RIDGE BRANDS**

To minimize disruption to consumers, Brynwood Partners, a market buyout fund, and its portfolio company, High Ridge Brands, needed a dynamic 3PL. “Within six months, we scaled from 450,000 cases shipped to more than 1.2 million each month,” says Scott Kirk, COO/CFO at High Ridge Brands.

C.H. Robinson architected the supply chain and negotiated contracts with warehouses and carriers; managed the implementation of all electronic communication; and built processes for both inbound and outbound transportation.

“Thanks to C.H. Robinson, we established a robust and scalable supply chain,” notes Kirk.

Echo

**WHY THEY WON:** “Our number-one priority at Echo is helping our clients simplify and streamline their transportation management processes, which we call taking the ‘complicated’ out of transportation management,” says Douglas R. Waggoner, chairman and CEO. “We do that through our proprietary technology platform, the expertise of our dedicated teams, and our significant buying power with more than 30,000 carrier partners.”

Echo provides the technology, capacity, and expertise that many middle-market organizations need so they can focus on their core business.

Chris Hawkes, regional manager at Action Gypsum Supply, agrees that the 3PL’s technology platform is a differentiator: “Echo is a great company to work with. They’re progressive, data oriented, and ahead of the pack with technology. Echo wants you to be successful.”

Another customer says, “Echo is my go-to company. They stay in communication, work quickly to fix issues, and are always friendly.”

**CLIENT ROSTER:**
- Action Gypsum Supply
- Archway
- Cholula Hot Sauce
- Culligan Int’l. Company
- ConAgra Foods
- Greenheck
- Monster Beverage

**CASE STUDY: ACTION GYPSUM SUPPLY**

Action Gypsum Supply, an independent distributor of building materials, received inbound product directly from the manufacturer, which rolled shipping fees into the product’s price. The distributor turned to Echo to increase visibility into its inbound logistics, decrease shipping costs, and gain a competitive advantage.

Echo produced significant results in the first year. Using a dedicated team of logistics experts and long-standing carrier relationships, Echo reduced Action Gypsum Supply’s shipping costs by 12.9 percent, which was a 1.3-percent reduction in total cost of goods sold.

“Beyond bottom-line savings was a benefit we’ve seen from working with Echo,” says Hawkes. “Also, their ability to analyze data and deliver reporting provides additional insight.”
WHY THEY WON:

UPS helps both large multi-national and smaller manufacturers, distributors, and retailers. To compete globally, businesses rely on UPS to streamline sourcing, maintain lean inventories, and accelerate inventory velocity.

“Customer challenges vary by industry and region, but a common challenge is the need to do more with less,” says President Stan Deans. “That’s where a 3PL like UPS can help, whether it’s leveraging existing buildings and technology to expand around the world or dealing with industry regulations and complex Importer of Record issues.”

In 2015, UPS continued to invest in its global logistics network by adding two million square feet of warehouse space in the United States, Canada, and Western Europe. “UPS now manages 7 million square feet of dedicated healthcare distribution space in 51 multi-client facilities around the globe,” says Deans.

CASE STUDY:

MONSTER MOTO

Monster Moto needed to move the assembly of its minibikes and go-carts to the United States from China. But supply chain complexities and transportation costs associated with reshoring threatened to derail the effort.

UPS’s Customer Solutions Team stepped in and heat-mapped Monster Moto’s current U.S. sales patterns to determine whether the company needed additional distribution centers in the country. The analysis made it clear that, for now, a single distribution point was the best solution. But the exercise also helped the company see where future centers should be sited, years ahead of time.

With insights and solutions, UPS helped Monster Moto understand—and reduce—its freight costs and armed the company with sales data it used to expand its U.S. distribution network. Monster Moto then built a U.S. plant in Ruston, La. “It’s a very big deal for us,” says Ronny Walker, Ruston’s mayor. “This is the first company we’ve recruited in 30 years.”
Top 10 READERS’ CHOICE 3PL Excellence Awards 2016

5. Penske Logistics

**WHY THEY WON:** Penske goes above and beyond to satisfy customers. The Reading, Pa.-based 3PL is committed to meeting the most complex requirements of customers and brings industry knowledge, advanced systems, and technical prowess to design and implement advanced supply chain solutions.

“We continue to see strong demand for 3PL services as leading grocers, retailers, and manufacturers respond to increasingly complicated shipping and distribution models to meet consumer needs,” says President Marc Althen. “As a result, shippers now require greater supply chain transparency via technology with their 3PLs. As a 3PL, our supply chain solutions scale quickly and we have the in-house expertise to run and use these systems, which allows our customers to focus on their core businesses.”

**CLIENT ROSTER:**
- Ford
- BMW
- Lowe’s
- Wegmans Food Markets
- Kroger
- Shinola
- Wawa
- Novelis
- Whirlpool
- PPG Industries

**CASE STUDY: KNOLL**

Knoll Inc. gave Penske Logistics its Operational Excellence Award to acknowledge the company’s achievements in improving cost, quality, and service across Knoll’s supply chain. “Knoll is proud of helping clients create inspired modern interiors with partners like Penske that complement our integrating products and services that naturally work together,” says Susan Bender, director of logistics, Knoll.

Penske received the award for consistent, sustained achievement of key performance metrics.

6. Ryder

**WHY THEY WON:** From dedicated transportation to cross-docking and value-added logistics solutions, the Miami-based 3PL has a lot to offer customers to help improve supply chain operations.

Ryan Hanson, senior director of domestic transportation at Target, says the company’s former process was getting the job done without consistency and visibility. After extensive discussions, Target turned to Ryder for help to improve the system. “Moving to a new way of doing things was much more than simply flipping a switch,” says Hanson. “It’s a whole new way of doing things for every vendor, every carrier, every merchant, and distribution centers.”

For Rene M. Diaz, president and CEO of Diaz Foods, Ryder is a partner he can count on: “When you do the numbers, you can see Ryder covers everything that is important to you. Ryder is always there for you in every challenge you face.”

“Our customers face many challenges that are changing the way businesses operate and deliver products,” says President Steve Sensing. “Ryder addresses challenges through innovative, flexible services that enable customers to meet new demands.”

**CLIENT ROSTER:**
- Ford
- BMW
- Lowe’s
- Wegmans Food Markets
- Kroger
- Shinola
- Wawa
- Novelis
- Whirlpool
- PPG Industries

**CASE STUDY: FRAM**

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Penske received the award for consistent, sustained achievement of key performance metrics.

Being the number-one oil filter brand in America, Fram knows having waste in your engine leads to poor performance. And Ryder knows having waste in your supply chain can also lead to poor performance. By collaborating with Ryder, Fram was able to filter out waste from its supply chain, leading to more efficient processes and cost savings. The results include a 100-percent productivity increase, 99.8-percent pick accuracy, and a seven-figure reduction in annual distribution costs.
WHY THEY WON: Kenco focuses on long-term business relationships and provides customized solutions.

“The challenges our customers have always faced—increased competition, rising cost of service, evolving technology, and expanding channels—are still there, but the pressure to keep up with it has exploded,” says Chairwoman and CEO Jane Kennedy Greene. “3PLs need to enhance openness, transparency, and communication with customers by developing relationships based on trust.”

Shippers say Kenco goes above and beyond. “Kenco has been our 3PL for over seven years and always provides dependable service,” says one customer. “They are dedicated to covering all of our transportation needs.”

CLIENT ROSTER:
- American Standard
- Bosch
- Carrier
- Cummins
- DuPont
- Honeywell
- Post Foods
- Whirlpool

CASE STUDY: HEALTHCARE MANUFACTURER

A healthcare manufacturer and long-term warehousing client of Kenco needed to reduce transportation costs, improve shipment service levels, and increase communication between stakeholders. Growth and acquisition resulted in the need for new lanes and transportation services.

Kenco reviewed the customer’s freight contracts, generated a list of potential providers, and managed a formal RFP. Kenco analyzed the rate structures to match lane/pricing strengths, and negotiated competitive pricing. Preferred providers were ranked and routing guides were developed to manage transportation. After Kenco implemented its solution, transportation costs decreased by more than 15 percent, service levels improved, and customer chargebacks were minimized.

CASE STUDY: SPHERE 3D CORP.

Sphere 3D Corp. delivers virtualization technology and data management products that enable workload-optimized solutions. The company was expanding rapidly and needed a logistics partner that could offer a consolidated global service to replace two company-owned warehousing facilities in the United States and Germany, and a current fulfillment provider in Hong Kong.

SEKO provided a solution that included logistics support for shipment of finished goods from manufacturing facilities in Mexico, Taiwan, Japan, China, and Germany to SEKO multi-user warehouses in California and Amsterdam, and then out to end customers and distributors around the world. As well as reducing logistics and warehousing costs, and giving Sphere 3D the global visibility it needed, SEKO’s distribution model is helping the business manage spikes of activity month to month—especially at quarter end.
XPO Logistics

**WHY THEY WON:** "We are expanding our high-value, high-velocity contract logistics solutions in fast-growing e-commerce sectors including last-mile services and omni-channel fulfillment," says Ashfaque Chowdhury, president, supply chain, Americas and Asia Pacific. "Major ongoing investments in our proprietary technology address customer demands for operational excellence, reduced costs, and continuous improvement."

Customers praise the 3PL for its supply chain innovations. "As our lead supply chain provider for outbound logistics, XPO has been integral to driving improvements that directly benefit our customers," says Linda Parcher, chief supply chain officer, Diebold Inc. "The XPO team’s focus on process innovation cut costs and shortened lead times."

**CASE STUDY: ENTERTAINMENT & MULTIMEDIA CLIENT**

XPO invested resources and capital to implement an operational solution to support omni-channel retail distribution for a global leader in entertainment and multimedia. The 3PL’s solution included a suite of value-added services and integration with the company’s systems and freight forwarding partners. XPO implemented the solution in time for the holiday season volume surge.

After the seasonal surge, XPO fielded a cross-functional team to further refine the solution. XPO looked at existing stocking methods and determined that forward stocking locations would allow higher-volume stores to maintain stock of high-demand product. XPO identified an opportunity to consolidate the client’s legacy direct-to-consumer operation into the retail fulfillment operation to provide inventory carrying cost savings and increase operational flexibility.

**CLIENT ROSTER:**
- Boeing
- Diebold
- Disney
- Emerson
- HP
- Logitech
- Siemens
- Trinity Health
- Verizon

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J.B. Hunt

**WHY THEY WON:** Delivering value is a vital part of J.B. Hunt’s culture. And the 3PL’s customers can count on its customized solutions to add value to their operations. "We are problem-solvers and solution-finders who not only meet our customers’ transportation challenges, but also strive to exceed their expectations," says Chief Marketing Officer Shelley Simpson.

For Doug Watne, director of North American transportation at General Mills, J.B. Hunt has demonstrated the willingness to explore new ideas and solutions with the company. "The level of collaboration and transparency is best in class," says Watne. "J.B. Hunt brings key high-level decision-makers to meetings, which not only speeds decision-making and results, but also displays their commitment to the partnership. We are proud of our relationship and excited about the total value they bring to our organization."

**CASE STUDY: GENERAL MILLS**

General Mills wanted to create greater operational efficiencies and more cost-savings opportunities within its supply chain by increasing visibility and collaboration. J.B. Hunt and General Mills entered into a collaborative partnership—a first for General Mills in the transportation supplier space. The partnership establishes a “singular company” mindset between the companies. It promotes open communication and information sharing that leads to improved service with more creative solutions for General Mills.
WHY THEY WON: Through the 3PL’s unique operating model, Landstar combines agents, technology, and access to capacity to provide shippers with a solutions-oriented approach to their transportation challenges.

Landstar is investing in innovative technology initiatives to benefit customers. “In the future, technology solutions that provide a one-stop, customizable interface for customers of all sizes will become more prevalent. Technology is evolving to enable supply chain participants to be interconnected on increasingly powerful platforms,” says Jim Gattoni, president and CEO. “Shippers will expect seamless solutions that provide real-time access to available capacity, pricing, shipment tracking, payment processing, and KPI data.”

CASE STUDY: AUTOMOTIVE MANUFACTURER

A leading automotive manufacturer required a new transportation solution for the frames for its top-selling vehicle. Within 10 days of receiving the project, Landstar and three independent Landstar agencies collaborated to develop a new logistics plan to transport more than 1,000 frames per day by flatbed truckload.

The logistics plan included an increase in pick-up efficiencies based on production forecasts; increase in service levels through a combination of Landstar owner-operators and third-party carriers to handle both anticipated plant production as well as unexpected changes in supplier output levels; reduction in customer dependence on spot market pricing by negotiating fixed rates with truck capacity providers; increase in shipment visibility; and improved communications.

Landstar created a more efficient and flexible workflow that provided the customer with more truck capacity, less rate volatility, and greater shipment visibility, while saving the customer a substantial amount of time and money.

WHY THEY WON: Unyson provides innovative and customized solutions that continually help customers find savings.

“Unyson is the only 3PL that offers guaranteed savings, dedicated account management, and continuous improvements as a core part of our service offering,” says EVP Brian Alexander. “We pride ourselves in coming up with creative solutions that encompass our customers’ needs rather than trying to fit them into a boxed solution.”

Unyson protects its customers from changes that affect the industry by providing capacity solutions, innovative network enhancements, and technology upgrades. Combined, these help cut costs and provide better service even in the face of adversity in the market.

“I sleep well at night knowing that Unyson watches our freight,” says Eric Scott, president, Western Container.

CLIENT ROSTER:

- WD-40
- Western Container
- Family Dollar
- Toys “R” Us
- Pfizer
- Big Lots
- Ascena
- MAAX Bath
- MAAX Bath

CASE STUDY: MAAX BATH

MAAX Bath, a manufacturer of bathroom products including bathtubs, showers, and shower doors, wanted a comprehensive transportation solution that was customized to its network needs and business requirements. MAAX selected Unyson to provide a solution that includes a dedicated team with complete oversight, best-in-class technology, and carrier management with secured capacity.

Unyson modeled and analyzed the manufacturer’s historical shipments and developed advanced load plans that incorporate anywhere from two to 15 stop loads to increase consolidations, enhance savings, and reduce carbon emissions. MAAX has benefited from the Unyson solutions without compromising service levels or damage-free shipments. Unyson is providing a full outsource solution for MAAX Bath by managing approximately 62,000 annual shipments.
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From narrow aisle configurations to self-guided robotic vehicles, innovation in today’s materials handling equipment is on the fast track.

BY CHARLIE FIVEASH

ew technology promoting efficiency, throughput, accuracy, and safety abounds inside the four walls of today’s distribution centers. Innovations in materials handling (MH) products are transforming the supply chain.

Three decades ago, materials handling equipment was limited to conventional forklifts, hand trucks, pallet jacks, metal racks confined by low ceiling heights, and emerging RFID and barcoding technologies.

Fast forward 30 years, and materials handling equipment today is aligned with narrow aisle configurations, specialized rack systems and lift equipment to optimize stacking capabilities, warehouse management software that integrates with automated sortation systems, and self-guided intelligent robotic vehicles.
“Companies that continue to use traditional supply chain models will struggle to remain competitive,” says George Prest, CEO of the Materials Handling Institute (MHI), the industry’s trade association headquartered in Charlotte, N.C.

AN UPLIFTING EXPERIENCE
Trends in optimizing a distribution center’s (DC) usable floor and cube space include higher ceilings and narrow aisle configurations. As next-generation warehouse ceilings reach new heights — up to 40 feet — DCs need specialized equipment to reach inventory stored at towering levels. Very narrow aisle configurations, as compact as 6 feet wide, complement higher stacking capabilities. Narrow aisle designs don’t work in every DC, however.

“Very narrow aisles don’t work in a high-throughput environment because bi-directional forklift traffic is mandatory,” says Bryan Jensen, vice president, St. Onge, a York, Pa.-based materials handling and software solutions consultant. “Very narrow aisle configurations work best in a moderate to low throughput environment, with a single flow of forklift traffic along the aisles.”

High-throughput operations can be measured by the number of pallets pulled per hour. “A 10-foot 6-inch aisle allows for bi-directional forklift traffic, but minimum aisle widths as narrow as 9 feet 6 inches are common,” says Jensen. “Conventional aisle widths to accommodate standard sit-down counter-balanced forklifts are typically 12 to 15 feet.”

What’s the difference between a narrow aisle and a very narrow aisle? A narrow aisle allows lift trucks to operate in widths of 8 to 10 feet, while a very narrow aisle measures 6 feet or less, according to Inventory Operations Consulting, a materials handling and inventory management consultancy based in Kenosha, Wis.

Some materials handling companies have introduced specialized lift equipment to navigate tight aisle systems. For example, Narrow Aisle, a Dallas-based forklift supplier, offers the Flexi lift, which steers from the front, instead of the rear, like a conventional forklift.

“Although the Flexi lift is more expensive than traditional counter-balanced lift trucks, the ROI payback is typically two years based on reduced costs associated with real estate footprint, excess equipment, and labor,” says Bruce Dickey of Narrow Aisle. “It’s not uncommon to see a complete ROI in 12 to 18 months, depending on the operation.”

FLAT FORKS ON THE LEVEL
Narrow aisle configurations and towering ceiling heights in today’s modern DC can create several access, safety, and productivity issues. While tighter aisles and maximized stacking capabilities result in better space utilization, it becomes more challenging to retrieve pallets and boxes stored above a certain height. Many high-bay lifts are equipped with a “high visibility” mast to expand the operator’s visibility. But even the most skilled forklift operator can have difficulty guiding a lift truck’s level forks into the pallet’s open position in a high-bay rack layout, often inflicting product damage.

Enter a new product that helps forklift operators verify that the lift’s implements are in a level position. Flat Fork units operate under a simple light indication system that mounted on the lift truck’s mast, indicating the forks are tilted.

“The most difficult task a lift operator faces is how to level the forks and prevent potential damage,” says Jim Ruschman, co-founder and president of Flat Fork, a California-based company that developed the digital fork level warning indicator for training lift truck operators. “We invented our product for training purposes, and customers liked it so much, they wanted to buy it.”

The low-maintenance product operates with an RFID sensor that sends a signal to a Narrow Aisle offers Flexi forklifts, which enable warehouses to store more inventory in less space. The VNA forklift can work in aisles as narrow as 6 feet 7 inches, while handling standard 48-inch-deep pallets.
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clear LED light display, which is easily visible to the operator via a basic red, yellow, or green indicator. The battery-operated metal box attaches to the mast of a forklift with a rare-earth neodymium magnet, the strongest magnetic force on earth.

"Yet, the box is portable from one lift to the next," Ruschman says. "And to preserve battery life, the unit powers off after three minutes of discontinued use."

Flat Forks make forklift operators more efficient and productive, reducing mistakes that lead to product damage. "Pallets stored in a high-bay rack make it particularly challenging for operators to know if the forks are level prior to removing a pallet from its rack position," Ruschman says.

Engineered and manufactured in the United States, the box is durable and can function in a steady rain. The product is also flexible, transferable, and can be used on stand-up reach trucks and conventional sit-down models. "The application also works with different attachments, such as extended poles for rolled carpet and clamps for large paper rolls," Ruschman adds.

The Flat Fork unit costs less than $250 and takes two minutes to install. "It's easy to use and inexpensive, considering the potential cost savings in avoiding damages," Ruschman adds.

**Top 5 Innovations to Meet E-Commerce Demands**

1. **Sortation**
2. **Pick/Put-to-Light**
3. **Carousels**
4. **Print and Label**
5. **Auto Guided Vehicles (AGVs)**

**Fan Fare**

When the summer heat makes its way across North America, higher temperatures and humidity permeate the four walls of a distribution center, creating lower productivity among the warehouse workforce.

"In a high-cube warehouse environment that is surrounded on all sides by enclosed concrete, heat becomes encapsulated and stagnant, limiting natural air flow, unless some type of ventilation system is in place," says John Drake of Pattillo Construction Company, an Atlanta-based general contractor that has been constructing warehouse facilities since 1950.

Kentucky-based Big Ass Solutions, a manufacturer of industrial fans, introduced its upgraded bar-joist mounted fan, the Powerfoil X3.0 fan system, at the MODEX 2016 show. Producing 15 percent more airflow than the X2.0 version, the new fan delivers with a feature known as SmartSense, which matches the speed of the fan to seasonal temperatures and conditions. SmartSense regulates the temperature and airflow with minimal user input, leading to energy savings up to 30 percent.

The 100-degree summer heat in DeSoto, Texas, drained productivity among McGraw-Hill’s warehouse workers, until the book distributor installed 30 Big Ass fans to cool its southwest DC, resulting in higher productivity, fewer accidents, and fewer heat-related illnesses.

"It used to feel like an oven in our concrete building," says Mike Price of McGraw-Hill. "When workers were hot, productivity slowed down. While it’s still hot at 105 degrees, the fans make it manageable."

As temperatures rise in a traditional ambient warehouse, the SmartSense fan automatically increases speed, providing a cooling effect up to 10 degrees F. Conversely, the fan is also capable of pushing warm air downward, which is effective in colder climates.

"The perception is that the fans’ typical application is in warm, southern climates to offer warehouse workers heat relief," says Josh Kegley of Big Ass Solutions. "However, our fans serve companies in colder climates, too. Through a destratification process, the fans compress heat toward the warehouse floor, and are especially useful for moving air in any climate with warehouse ceilings higher than 30 feet."

**In Search of the Perfect Pick**

In high-volume distribution centers, automated storage and retrieval systems (AS/RS) have led the charge in computer-controlled inventory management. Dating back to the 1960s, AS/RS applications were the first to use computers to accurately track warehouse inventory.

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systems and mini-load devices, as order and inventory management transitioned from a tactical to a more strategic approach. With SKU counts proliferating over the past 20 years, picking station technology has adapted and is now categorized into two segments: fixed aisle and vertical lift modules (or carousels).

Then, along came another major change to the end-to-end supply chain: the onslaught of multi-channel retail sales and delivery. Today, with the emergence of e-commerce facilities, throughput volume has increased exponentially and order sizes have become smaller and more specialized.

MEETING THROUGHPUT DEMAND

With this transitional fulfillment strategy, advancements in materials handling equipment have evolved, requiring more flexible technology to meet consumers’ rapid deployment demands. “The systems themselves haven’t changed much, but the increased throughput demand has,” St. Onge’s Jensen explains.

Seasonal demand in fulfillment centers has created additional challenges in a high-throughput environment. “Automation should be able to meet peak demand in seasonal orders,” says Jensen. “If an omni-channel retailer experiences a fivefold seasonal boost in throughput, it’s not worth the ROI to invest in four additional sorters. Technology offerings need to meet peak demand with a single, cost-effective sortation solution.”

ROBOTIC RELAYS

Robots have been part of manufacturing for the past 50 years, but with the surge in multi-channel retail distribution and goods-to-person fulfillment, the integration of robotic retrieval technology is an emerging factor in next-generation warehouses. Robots in DCs can be categorized into two factions: gantry robots that lift, and auto guided vehicles (AGVs)—also known as self-guided vehicles—that retrieve.

“The market hasn’t seen an equivalent to Kiva AGVs yet,” says Jensen, referring to the Kiva robot that was developed in 2003 and purchased by Amazon in 2012. However, companies are introducing new auto guided vehicles for fulfillment centers annually. To validate the growth of advanced AGVs, the 2016 MODEX show unveiled no fewer than nine AGV innovators, signifying the genesis of an emerging specialization across the supply chain.

“More robotic AGVs have been introduced in the past two years than in the life cycle of auto guided vehicles,” Jensen says. “Today’s robots either follow the picker, or the picker can track the AGV, complementing the picking process. The more advanced vehicle knows where the next pick is located before the picker does. In a goods-to-person model, a conveyor delivers the product to the processor, or the robot retrieves the goods and delivers the item to the stationary packer.”

FROM TORU TO ADAM

Start-ups in the warehouse robotics space include Germany-based Magazino, a developer of mobile robots designed to navigate a warehouse and interface with its workforce. Magazino’s TORU robot can identify a product on a shelf or rack via a two- or three-dimensional camera, secure the item, and transport the shipment to the staging area for final distribution. One unique feature of TORU is its ability to grasp an individual item from a shelf without human assistance. Early-stage Magazino customers include DHL and Sigloch Distribution, a European logistics and e-fulfillment company.

Finland-based Cimcorp recently developed ADAM, an autonomous robot that operates on an open path navigation system without the aid of magnetic tape, wires, or reflective targets. ADAM has the intelligence to maneuver through a warehouse via a technology known as SLAM (simultaneous localization and mapping).

TORU Cube is able to grasp any size and weight rectangular object, store it in its built-in shelf, and deliver it directly to a shipping station.

“Automation should be able to meet peak demand in seasonal orders with a single, cost-effective sortation solution.”

— Bryan Jensen, Vice President, St. Onge
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“ADAM doesn’t require a grid, and the intelligent robot learns the warehouse layout after only two runs,” says Derrick Rickard, Cimcorp’s distribution center manager.

In addition to its AGV technology, Cimcorp offers a range of advanced automation to optimize material flow. As a total systems integrator founded in the 1980s, the company started by building AS/RS and mini-load systems, and later introduced ADAM.

Operating across multiple verticals, Cimcorp adapted its MH services to meet the needs of the food and beverage, dairy, postal, consumer packaging, and health and beauty sectors. Recently, the company expanded its robotic platform with a flexible narrow-aisle application that utilizes AGVs for retrieval coverage on up to 20 aisles of inventory.

“Our gantry robotic technology was great for palletized product, but a single crane limited our application to just one aisle,” says Rickard.

With its extensive background in systems integration, Cimcorp was well positioned to navigate the rise of materials handling technology in the e-commerce field. Expanding its crate-based gantry robotic offering, Cimcorp provided full-service goods-to-person automation. Cimcorp’s 3D shuttle technology streamlines accurate order picking, providing the ability to process fulfillment orders with a two-pronged tool attached to a robotic bridge.

“The shuttle can hover over a mix of random SKUs and select the correct product offering,” explains Rickard. “The technology provides the intelligence to select the right SKU, and drop the unneeded items back into the retrieval bin—all within 20 seconds.”

In 2009, when global health and beauty care company L’Oréal opened its largest U.S. fulfillment center in Walton, Ky., the facility operated three shifts and processed all outbound orders manually. L’Oréal recently commissioned Cimcorp to automate the 680,000-square-foot facility, and improve order quality and energy conservation, and reduce labor cost.

Cimcorp installed a layer pick system, which improved order accuracy to 100 percent. It also increased pick production to more than 1,000 layers per day and output to more than 1 million cases per month. The distribution center now runs only two shifts, and operating efficiencies and higher throughput eliminate substantial waste.

WHAT SHOULD I WEAR?

Wearable technology is another growing materials handling innovation designed to improve processes and safety. Wearables and mobile tech applications are experiencing annual growth rates of 38 percent and will represent a $12.6-billion trade sector, according to a recent MHI report.

As the cost of hands-free and mobile devices decreases, the return on investment proves to be compelling, especially in inventory validation, counting, and storage. “Companies are beginning to validate the value of smart glass hardware and software,” according to Joe Fitzgerald, senior manager of Deloitte’s wearables innovation practice and a contributor to the MHI report.

INVESTING IN THE SUPPLY CHAIN

In the end, investing in next-generation materials handling equipment comes down to two basic factors: efficiency and cost. Warehousing and supply chain managers considering these investments must ask two questions: What are my pain points? What does my organization find an acceptable return on investment?

“Materials handling can no longer stand alone as an efficiency play inside the four walls of a warehouse,” says Mike Nayden of Deloitte Consulting’s Logistics and Distribution practice in the MHI annual industry report.

With the advent of so many innovations in materials handling equipment across today’s supply chain, maintaining the status quo is no longer an option.
Great news for your bottom line. There are more than 40 areas of savings when businesses switch from wood pallets to iGPS plastic platforms. This includes lower transport costs, less product damage and reduced equipment downtime. The new and stronger iGPS has reemerged as a driving market force with its unique Plastic Pallet Pooling System, that provides cutting edge, global supply chain solutions for some of the leading companies and manufacturers in the world.
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PROJECT LOGISTICS: GOING THE DISTANCE

When logistics professionals are tasked with a special project, no matter how enormous, no matter how infeasible, they’re expected to go the extra mile.

By Tamara Chapman

Project logistics professionals are expected to dot all the appropriate vowels, cross all the right consonants, and chart a steady course from “you want what?” to signed, sealed, and delivered. Sometimes, they’re even expected to build bridges — between internal units, between external partners, and across chasms.
The Five-Year Plan
To Traverse 150 Miles

In the nuclear energy industry, there’s no room—not even a nanometer—for error. That’s just as true for the people delivering the equipment for facilities as for those designing, building, launching, and operating them.

Just ask Carl Rossi and Sean McDermott of Westinghouse Electric Co. Rossi is the firm’s director of global nuclear transportation logistics, while McDermott serves as logistics operations manager for Westinghouse Global Logistics. Late in the past decade, the two were told that they would be responsible for moving two Westinghouse AP1000 PWR steam generators from the Port of Charleston to a nuclear generating station near Jenkinsville, S.C., about 25 miles northwest of Columbia, and roughly 150 miles from Charleston.

Ranked on a scale of one to 10, this particular challenge rocketed to the two-digit spot. Even for seasoned logistics pros like Rossi and McDermott, this job boggled the cerebral cortex.

“We have delivered an awful lot of equipment to this plant—more than 63 ocean vessels and 280 rail cars—but this was far and away the most challenging delivery of all,” McDermott says.

For one thing, he explains, the generator tips the scales at a whopping 1.4 million pounds. It’s 70 feet long and 21 feet wide, making it bulky and awkward. One false move and yikes—someone gets hurt or the generator gets damaged.

One Saving Grace

Perplexing as the assignment appeared, it came with one saving grace. The first steam generator wasn’t expected to arrive at the Port of Charleston until spring 2015, leaving Rossi and McDermott roughly five years for planning. As it happened, they needed every one of those 1,800-plus days.

Because the steam generator, fabricated in Korea, needed to be specially configured for transport, the two began by tapping into expertise inside and outside the company. Internally, Rossi says, “Sean led a cross-functional team of engineers, logistics engineers, and product engineers.” Externally, McDermott also had to coordinate with roughly one dozen outside partners—from the Port of Charleston itself to a host of firms commissioned to address out-of-the-ordinary challenges, of which there were too many to count.

One of the first questions facing McDermott was whether to move the equipment over the road or by rail. When a six-month assessment revealed that the generator would overtax bridge and road capacity, they nixed the road option.

“This was initially thought to be a two-rail move, but as we worked through the process, we found out that we couldn’t do that. It was either a road or a rail move. In the end, we chose rail,” McDermott says.

For McDermott, one of the most significant challenges came early. The first issue surfaced with the arrival of the generator-bearing ship in South Carolina. Much to the team’s surprise, “the generator was going to be the largest and heaviest load ever discharged through the dock at the Port of Charleston,” he adds.

“Once we decided on rail, we conducted a rigorous mile-by-mile route survey,” McDermott says. “Right away, a number of significant issues arose.”

In fact, the first issue surfaced with the arrival of the generator-bearing ship in South Carolina. Much to the team’s surprise, “the generator was going to be the largest and heaviest load ever discharged through the dock at the Port of Charleston,” he adds.
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In fact, the load was so large and heavy that Port of Charleston officials feared the dock couldn’t support it. To determine what mitigation strategies might be necessary, the port’s engineers assessed the dock’s condition by evaluating the structural integrity of each supporting pile. In addition, McDermott explains, “we collected soil samples underneath the dock to make sure no loose soil would give way once we set the load down.”

The resulting analysis showed that the dock was, indeed, at risk. And if the dock was at risk, so was the generator. “So we decided to custom engineer a load-distribution system that redistributed the weight directly onto the piles underneath the dock,” McDermott says, noting that this strategy, which incorporated a series of I-beams placed directly over the piles, avoided putting weight between the piles, where the area of the dock might be weaker.

To ensure that no single set of I-beams and piles would be over-loaded as the generator was lowered, the team commissioned a load-monitoring firm to design a wireless system to help with regulating weight distribution. It was critical that the generator’s heft be gradually and evenly shifted onto the I-beams, McDermott says, noting that this strategy, which incorporated a series of I-beams placed directly over the piles, avoided putting weight between the piles, where the area of the dock might be weaker.

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Logistics Plus India spent significant time planning and coordinating to ensure all bridge equipment and parts arrived at the job site on time and intact.

challenging terrain to the installation site more than 155 miles from Rishikesh.

“My first thought was, there will be issues—that’s logistics—but we can do it,” Sarup says, adding that he recognized immediately that this particular job would require him to “deliver the extraordinary.”

Detailed planning began in earnest once Sarup received the final packing list from New Jersey. That’s when he could start calculating the “number of trucks needed, the weight per truck, the types of trucks, cranes and forklifts, and the manual labor.” It was his job to not only load and dispatch the trucks at Rishikesh, but also to ensure that the appropriate equipment for unloading the vehicles was delivered to the construction site.

For his base camp, Sarup chose a dry riverbed site where he and his team would have “movement space to hold trailers with containers, and space for our cranes and forklifts to function,” he says. “At this base camp, all the equipment was opened from its original containers, and then loaded onto smaller trucks.”

The smaller trucks were essential, because only they could negotiate the narrow, steep, and winding roads through the peaks. “Trucks traveling on Himalayan roads have limitations on weight, dimensions, and time when they can move,” Sarup notes. “Moreover, in some smaller towns, markets form on part of the main road, leaving even narrower spaces to move.”

Without proper planning, Sarup adds, the trucks would not have been allowed on the roads. He spent several months securing the required approvals and documentation. Because of the bridge’s importance, state officials were happy to make that process as painless as possible. “I must admit, the support extended by the state of Uttrakhand was amazing,” Sarup adds. “Without it, we could not have completed such a difficult task with ease.”

That said, there was nothing truly easy about the job. “We expected—and planned for—traffic jams, tougher turning radiuses, and truck breakdowns,” he says. But fate delivered a few unexpected opportunities for on-the-fly troubleshooting.

“The biggest problem we encountered was when one of our cranes, stationed at Sonprayag, malfunctioned and didn’t work for one full day. We called a special engineer from Rishikesh, and at the same time arranged for an alternate crane to avoid hindering the delivery schedules.”

Thanks to Sarup’s quick thinking, the project was not appreciably delayed. “Our workers did earn a much needed one-day break after the project was completed,” he says. In fact, it was constructed in a record 30 days, just in time for pilgrims making their way to a shrine in Kedarnath.

“It’s the first bridge of its kind ever built, delivered, and executed in India,” Sarup says. And, as the logistics wizards behind that feat, Sarup and his team took pleasure in the results of their precision efforts. “It was certainly a moment of pride,” he says.

Thinking Outside the Boxcar

When T.J. Mahoney of Atlanta-based Railserve dispatches one of the company’s energy-efficient, low-emission locomotives to an eager customer, he typically routes it along the track of least resistance: He sends his in-demand LEAF locomotives by rail.

But when the customer is located in sub-Saharan Africa, Mahoney has to get creative.

That’s what happened when the state railway of Gabon, the Société d’Exploitation du Transgabonais (SETRAG), contacted Railserve about purchasing LEAF locomotives. Eager to modernize the country’s freight rail operations, SETRAG representatives were in North America to investigate green options. SETRAG ultimately ordered six LEAFs, along with a container of spare parts. Once the order was placed, delivery was scheduled for late 2015.

For Mahoney, the task ahead was completely devoid of crossing guides and signals. He had to start from scratch.

His first task was to master the shipping details. “That was a steep learning curve for me because I had not exported large, heavy items before,” he says. And the LEAF qualifies as both large and heavy. At 100 metric tons each, the locomotives needed to be transported in a vessel whose cranes could handle the load.

For help, Mahoney turned to Breakbulk Transportation Inc., which specializes in moving large and heavy cargo, and which offered Mahoney a crash course on shipping products overseas. Mahoney knew how to get the locomotives from the manufacturing operation in Longview, Texas, to the nearest port in Houston, but his expertise ended at the railroad tracks. And because the SETRAG/Railserve contract assigned responsibility for safe delivery to the manufacturer, he wanted to leave nothing to chance.

“We were responsible for the freight, and we were responsible

“My first thought was, there will be issues—that’s logistics—but we can do it.”

– Sundreysh Sarup, Managing Director, Logistics Plus India

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for the locomotives to get delivered to the tracks in Gabon,” he says. “So the risk of loss was ours during that transition, which was new for us. Typically, when we sell a locomotive, the client owns that transportation risk. So it was all new to me and new to our company.”

One thing Mahoney learned right away was the importance of selecting the right partners. He tasked Breakbulk with handling the logistics once the locomotives arrived, two at a time, in Houston. Breakbulk took responsibility for cleaning, packing, and prepping the vehicles for their 6,000-mile journey.

That process was made more complicated when SETRAG requested some last-minute modifications to the locomotives, including installation of different ditch lights. With two of the locomotives already in Houston, awaiting their date for loading, a crew arrived from Longview to remove the old lights, and weld and wire the replacements.

Protecting the Assets

Once the locomotives were cleaned and prepped, each was carefully shrink-wrapped. “We wanted to protect the exterior of the locomotive from undue damage,” Mahoney says. “In addition to the shrink-wrapping, we installed wooden protection on the windows, and we built wooden boxes around all the lights and the horns. Then, the shrink-wrap went around all that wooden covering, just to be sure we didn’t break something off inadvertently.”

When it came time to select a shipping company, a little homework pointed Mahoney in the direction of Houston-based Intermarine, which controls an international fleet of more than 50 vessels with lifting capacity up to 900 metric tons. What’s more, Intermarine provides regular sailings out of Houston to ports in West Africa.

The locomotives were assigned space aboard the nearly new Ocean Grand, equipped with all the latest conveniences. “The vessel was built in 2015, with two large 450-ton cranes that were more than capable of handling our locomotives,” Mahoney says. “Each crane could have handled twice as much weight as our locomotives.”

Once onboard the Ocean Grand, the locomotives shared space with several tons of food aid destined for various African ports. Oddly, it was the rice and flour that caused the greatest consternation for Mahoney, who had plans to fly to Gabon to oversee the locomotives’ safe delivery to SETRAG.

“I planned to meet the vessel on arrival, because we still owned the locomotives and needed a representative there. I was familiar with the contract and had some language skills,” he recalls. “But the arrival date kept moving because of delays at the ports, where the vessel stopped to offload the food aid.”

Offloading the food wasn’t particularly complicated, but inclement weather halted the process at several ports of call. The perishables simply couldn’t be exposed to drenching rains, and so the food sat in the hold — and the ship sat in the harbor — until the fronts passed and the sun emerged.

Meanwhile, back in the United States, Mahoney struggled to coordinate his travel arrangements. Finally, on the Friday after Thanksgiving, he set off for Gabon’s Port Owendo, arriving the following Sunday, just ahead of the Ocean Grand.

“On Monday we organized the reception for the locomotives at the harbor,” he says. “The vessel was supposed to come in on Thursday, but it wound up coming in on Tuesday, and was out of there by Tuesday night. I almost missed it.”

And had he missed it, he would have missed out. Watching the locomotives come off the ship was a reward for all those months of research, planning, and improvisation.

The Intermarine Ocean Grand departed from Houston with six 220,000-lb. Railserve LEAF Gen-Set locomotives—each individually shrink-wrapped—on board.
“It was an interesting operation to see,” Mahoney says. “Lifting the first locomotive out of the hold was a little tricky, because they were stacked six across, with only about 18 inches between the first locomotive and the vessel wall. But once they got the first one out, the others moved quickly.”

After the locomotives cleared customs and were delivered to SETRAG, Mahoney finally relaxed. With a Railserve team on hand to start the locomotives and train SETRAG personnel on operating and maintaining them, his job was largely done, except the unwrapping.

“I went to the SETRAG shop the next day, and we unwrapped the first locomotive. The shrink-wrap was fastened on the bottom by a large, 2,000-pound weight-bearing strap,” Mahoney says. “It was probably overkill.”

Overkill or not, the locomotives emerged from their protective covering in mint condition, ready to help Gabon achieve its sustainability goals.

And speaking of sustainability, the workers at the shop were careful not to damage the shrink-wrap. “I’m sure,” Mahoney says, that like the locomotives themselves, “the shrink-wrap is being put to good use.”

Every project move is unique, and these project logistics moves demonstrate the resourcefulness and creativity required to get oversized loads where they need to go—on time and unharmed.
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COMPANIES WIN THE TALENT BATTLE WHEN THEY HAVE TROOPS IN PLACE IN SUPPLY CHAIN POSITIONS.

By Tom Gresham
Michael O’Leary joined the Army straight out of high school. He served as a paratrooper, part of the 82nd Airborne Division, and ultimately spent one decade in the service. Although his time in the military ended in the 1990s, it continues to comprehensively shape his life today. O’Leary, president of The Grimes Companies, a third-party logistics and supply chain management service provider based in Jacksonville, Fla., instinctively taps into his Army experience to navigate the many trials and tests he encounters managing a company. “My time in the military defines the way I approach challenges and obstacles,” O’Leary says. “Being a veteran guides my decisions and actions. All of them.”

O’Leary believes a military background is far from the only kind of background that can form a strong foundation for a career in supply chain and similar fields, but says his years in the Army have been critical to his personal experience. And O’Leary, who during more than one decade at the helm has helped Grimes develop from a trucking company focused on northeast Florida to a regional logistics company for the entire Southeast, says he has witnessed others find their footing in the supply chain field with the stalwart aid of their military background to guide them.

For veterans, the transition to a new career outside the military often is not easy. The core challenge is that both potential employers and veterans themselves struggle to identify how military experience aligns with the civilian workplace. “It can be frustrating for veterans to determine how to translate their military experience to new careers,” O’Leary says.

The supply chain field provides particularly robust crossover opportunities, however, offering veterans the kind of disciplined, process-driven, and team-focused climate reminiscent of a military unit. That straightforward fit drives many supply chain and logistics providers to pursue veterans to join their ranks. Those companies represent a range of niches in the field—from large, national companies such as Penske Truck Leasing and Penske Logistics to regional outfits such as Grimes, and even to supply chain middlemen such as Total Quality Logistics, a freight brokerage firm based in Cincinnati, that connects companies that need products hauled with the carriers that can deliver them.
TAPPING MILITARY TALENT: Shoes on the Ground

Many companies are strengthening their approach to hiring those with military experience. In particular, supply chain companies that provide trucking services are looking for veterans to help ease the country's chronic driver shortage.

For instance, Miami-based transportation, logistics, and supply chain management solutions provider Ryder hired more than 4,000 veterans between November 2011 and April 2016. And, more than 35 percent of flatbed trucking fleet drivers at TMC, a Des Moines-based provider of flatbed transportation services, are veterans. Reading, Pa.-based third-party logistics provider Penske has also accelerated its efforts to recruit and hire veterans over the past two years. In 2015, approximately 11 percent of the company’s new hires were veterans.

“It’s a growing priority,” says Ron Schwartz, director of staffing for Penske Truck Leasing. “We look at the number of transitioning veterans coming off tours of duty in the Middle East, Iraq, and Afghanistan. Many of them had direct work experience as diesel mechanics and drivers, which matches the skills our industry needs.

“It would be foolish not to capitalize on that resource,” he adds. “It’s also the right thing to do, because service men and women coming home sometimes struggle to find jobs.”

RECRUITING THE RECRUITS

A desire to hire more veterans does not net results without a plan of attack. Once a company commits to hiring veterans, it has to determine the best ways to identify and reach prospects who will be a good fit. Many choose a multi-pronged approach to recruitment that involves getting in front of both active-duty members of the military and those who have recently left the service.

For The Grimes Companies, veterans comprise a naturally rich local pool of potential employees. Jacksonville is the county seat for Duval County, which is home to two naval bases — Naval Air Station Jacksonville and Naval Station Mayport, the third-largest naval facility in the continental United States. It is only natural that many Grimes employees would emerge from such a critical demographic.

One simple way Grimes recruits is to participate in naval base job fairs, where it finds an abundance of potential hires who are preparing to transition to civilian life.

Penske’s recruiting efforts have been extensive and varied. The company has visited government-backed and private military job fairs, partnered with organizations such as the Chamber of Commerce’s Hiring Our Heroes initiative, recruited at reserve centers, posted positions on military job boards, and advertised in military and veteran-specific publications. Penske also visits online recruiting events that allow companies to link up with transitioning military members.

“We know where certain logistical command units or transportation command units are located, and we focus efforts there to reach not only the veterans but also their families,” Schwartz explains. The branches of the military are all strong partners, too, quick to help their troops connect with potential employers, according to Steve Pitt, director of driver recruiting and retention for Penske Logistics, and a veteran with more than 26 years in the Army. “We see how the military sets the conditions to help veterans transition to civilian life,” he says. “All the armed services make it a high priority to help with that transition.”

At Total Quality Logistics, LeeAnne Ryan serves as a military recruiter, dedicated to finding veterans to work for the company. Ryan, an Air Force reservist who spent more than two years...
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on active duty orders, focuses her efforts on transition assistance program events, employer-engagement events on military bases, and veteran hiring fairs. The key is establishing relationships with the people on military bases who work with transitioning personnel.

Ryan also works with other recruiters in the company to familiarize them with military resumes and the language that candidates sometimes employ, and to help them understand how those resumes translate to the skillsets needed for various positions.

Outside partnerships can also boost military hiring efforts. Penske’s partnership with the Hiring Our Heroes program, for example, has spurred its commitment to hire several hundred more veterans in the next few years. And Total Quality Logistics has found support from a number of local organizations, particularly the TriState Veterans Community Alliance in Ohio and the KEEP VETS Coalition in neighboring Kentucky.

FINDING THE RIGHT FIT

Penske taps veterans to fill driver, truck technician, and warehouse and transportation supervisor positions. “There’s a veteran out there who can do every single job in our organization,” Pitt says. “And Penske representatives keep their eyes open for veterans who are equipped to handle all kinds of jobs.”

For instance, Penske’s two biggest talent needs are truck technicians and truck drivers. The military is fertile recruiting ground for those positions.

At Total Quality Logistics, which does no shipping itself, veterans must employ their understanding of logistics to help forge advantageous partnerships for both carriers and shippers. Ryan doesn’t worry about limiting her candidate search to those with military occupational specialty titles or job descriptions, because an extensive training program at the company can fill those gaps. She is more interested in how applicants demonstrate soft skills.

Ryan says she doubts whether most veterans would forge logistics careers on their own. “Logistics is not glamorous, but it is competitive, constant, challenging, and stressful,” Ryan says. “The military tends to stand out in all those areas.”

O’Leary agrees. He does not see most veterans seeking out logistics careers—largely because they are unaware of the landscape of the field. But, he says, many veterans transitioning to the civilian workforce recognize logistics as the type of environment where they can be comfortable once they learn the intricacies of the work and recognize how it overlaps with their background.

“If veterans enjoyed their military service, they will seek out the aspects of that environment in their next career,” O’Leary says. “Logistics is a natural fit.”

The Grimes Companies does not focus on recruiting veterans with particular backgrounds or areas of expertise, nor does it emphasize hiring veterans for particular positions within the company. Instead, Grimes seeks out strong recruits, and decides how they can best be integrated into the organization.

The result is veterans serving in a variety of positions. For instance, Grimes’ director of fleet operations is a Marine veteran, and its safety and quality coordinator is an Air Force veteran. Grimes does not want to get locked into searching for apples-to-apples comparisons between military and civilian roles, O’Leary says.

“Veterans are always looking for ways to resolve challenges and we need that at Grimes,” he says. “It’s not necessary for someone to have been a supply sergeant to be effective in a logistics position.”

STAYING FLEXIBLE

While some military positions may be directly applicable to civilian supply chain posts, companies aspiring to hire veterans should not be too rigid in their thinking if they want to take full advantage of the large pool of potential employees that the military services represent.

“Employers need to understand and translate an individual’s military service into a civilian job or career if they truly want to work with veterans,” O’Leary says. “That can take work, but it’s worth it.”

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military arrive on the job possessing the qualities Total Quality Logistics seeks in employees, such as drive, quick thinking, adaptability, teamwork, integrity, work ethic, and pride. “Pressure on veterans comes from an internal drive to succeed, not external forces, which makes them easier to manage. Veterans are mission-driven and trained to complete the mission successfully,” says Ryan.

At Penske, cross-cultural skills are a key characteristic the company seeks in veterans. The company especially looks for individuals who have demonstrated an ability to work with people in a number of different capacities. This makes them good team members and flexible within the organization.

Another key characteristic that veterans bring to the table is being accustomed to focusing on the success of the team rather than individual accolades. “Veterans are used to the decisions they make affecting the safety of their team, so they are particularly thoughtful of the consequences of their actions,” O’Leary says. “Veterans develop a unique sense of responsibility and commitment that makes them more aware of their decisions.”

Veterans also intrinsically understand the need to take a disciplined, dutiful approach to supply chain processes. “The supply chain generates enough surprises without creating our own,” O’Leary says. “And when surprises do strike, veterans have the experience and training to approach the problem with a calm, level head, maintaining their discipline and pursuing a solution without panicking.”

Members of the military are trained to both obey the chain of command and know when they need to think independently to confront a difficult challenge or situation. “Veterans come from a problem-solving environment, so they’re ready for whatever happens,” O’Leary explains.

Penske’s Pitt agrees that confronting the unexpected is an area where veterans have learned to thrive. “Veterans know how to handle complex situations,” he says. “Companies that hire veterans are getting employees proven to be able to think on their feet and assess any situation in a hostile environment. They know how to identify and mitigate risks. Veterans develop a plan and then execute it.”

Military men and women can be particularly diligent students of every step of the supply chain. It is second nature for them to spot inefficiencies and areas with room for improvement. They prefer working in a framework, but also are far from robots who uncritically stick to the structure without considering it.

“Some veterans who work in our supply chain operations have found the opportunity to improve a process because no one took the time before to map out and add structure to a solution,” Schwartz says. “The benefit of a process improvement is that we can tell customers, ‘Look what we can now do for you.’”

Employers say integrating members of the military into the workplace does not vary greatly from integrating any other new workers, although some resources can be helpful. For example, linking workers with fellow veterans as mentors can ease the transition.

The onboarding process for veterans at Penske does not differ from other new employees, except for the simple step of setting a start date. Members of the military who have had recent tours of duty, in particular, do not always want to jump right into the workforce.

“Veterans want to spend time with family and friends they haven’t seen in a while and take some time off, but they want to know where they will be working. They want to have their roots set,” Schwartz says. “The biggest challenge we have is setting the stage to identify individuals interested in working for us and making sure we set the path to get them into the door at the right time.”

**Both Veterans and Employers Reap the Rewards**

Veterans’ participation in the supply chain and logistics field is not just a boon for the companies that hire them; it also means a rewarding new career for them. Veterans such as O’Leary, Pitt, and Ryan all say they have found the kind of fulfillment in their current jobs that they enjoyed in the service.

For example, after spending more than 26 years in the Army, Pitt was unsure what he would encounter in the civilian working world. But he is energized by the responsibilities and challenges he faces working in logistics at Penske. “I find a lot of satisfaction in this work,” he says.
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16 Must-Reads

This Summer

Dip into these books to soak up some supply chain savvy and refreshing insights.

BY CHARLIE FIVEASH
**“The So What Factor” of Logistics**

By LTC James Henderson

A guide to assist both military and civilian logisticians, this book takes a diverse and holistic approach to the science and art of logistics. For those interested in the history of military logistics—the forefather of modern-day logistics—this resource offers both old and new supply chain doctrines that apply to military and private commercial operations. The book’s central theme is the justification and logic behind implementing a full-scale logistics game plan.

**WHY IT’S A MUST-READ:** Written by a lieutenant colonel in the U.S. Army, this book offers, from a leadership perspective, practical advice for taking a disciplined approach to operational efficiencies. Henderson effectively makes the connection between the military deployment of personnel and equipment with today’s supply chain management practices.

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**Port Cities: Dynamic Landscapes & Global Networks**

By Carola Hein

Providing a pictorial overview of a multitude of port locations around the world, Hein explores how port cities link the United States to other global regions, and delves into how port-scapes connect cities to their culture and people. Arguing that ports are more than a driver of jobs for the working class, the book illustrates how ports become a part of the urban environment and regions represented, and provides both historical and industrial applications.

**WHY IT’S A MUST-READ:** The writing captures the landscape of ports in various global regions and incorporates the connectivity of the port to the city, its culture, and the region’s citizenry. In addition to linking port history to the cultural make-up of a geographic urban environment, the author proposes that a network beyond traditional global trading channels exists among all port cities.

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**Long Haul Legacy**

By F. Martin Harmon

Written in conjunction with Jack Middleton, long-time chairman of SMC3, Harmon tracks the progression of the trucking industry through the lens of the U.S.-regulated rate conferences. The book recounts eight decades of transformation to provide a historical view of the freight bureaus that regulated the transportation industry, and how technology paved the way for modern-day organizations, such as SMC3, that thrive today as key LTL freight rate providers to the transportation industry.

**WHY IT’S A MUST-READ:** This book reveals how national rate conferences evolved into progressive IT and software enterprises. By integrating detailed historical depictions of the country’s long-haul carriers, Harmon takes readers inside the history and transformation of the trucking industry, dating all the way back to the early 1900s.

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**Reinventing the Supply Chain Life Cycle**

By Marc Schniederjans and Stephen LeGrand

Used as a resource in graduate and undergraduate logistics programs, this book covers a wide array of trending supply chain strategies, including network design, product life cycles, agility and flexibility, demand planning, sustainability, and Lean operating systems. Complementing the overview of supply chain topics and methods is a series of interviews with logistics leaders who oversee the supply chains of some of North America’s iconic organizations including Home Depot and Coca-Cola.

**WHY IT’S A MUST-READ:** Written for both students and supply chain professionals, the book delves into a variety of logistics and supply chain strategies that drive the progression of a product from market introduction, pricing, risks, and partnerships to late-stage development phases. This resource is an especially insightful read for anyone involved in the field of inventory and product management.
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Using Your Supply Chain as a Competitive Weapon

By Tony Vercillo

Written by a seasoned supply chain consultant, this book offers real-world applications and case studies to illustrate practical methods for delivering a results-based operating platform. Vercillo offers 10 steps to achieve supply chain dominance that include assessing current practices and innovations that fuel a proactive approach to excellence. The book also addresses modern-day strategies for successful IT applications, KPI assessments, and offshoring programs.

**WHY IT’S A MUST-READ:** Vercillo advocates taking a proactive approach to supply chain operating efficiency. Drawing from his own practical experience, he offers a step-by-step methodology to drive operational success in today’s sophisticated supply chains. Addressing current trends in logistics strategies and technology applications, Vercillo provides a thought-provoking look at what systems work best in an organization’s operating platform.

The E-Commerce Book: Building the E-Commerce Empire

By Steffano Korper and Juanita Ellis

Endorsing the concept of e-commerce as a means of 24-hour convenience, Korper and Ellis take readers through the progression of online sales from inception to the dynamic growth of modern retail channels. The central message is the vast influence e-tail merchandising has had on the global consumer shopping and distribution markets. Written to challenge entrepreneurial readers to rethink the holistic consumer experience, this book explores channels of e-commerce beyond the retail frontier.

**WHY IT’S A MUST-READ:** In an era when commerce is moving away from traditional brick-and-mortar transactions, the authors explore how e-commerce applications might expand past electronic consumerism. Through graphs and models, the book also explains how our electronic transaction-based society is transforming the modern supply chain.

Enterprise Software Delivery

By Alan Brown

Written by an IBM software engineer, this book outlines actionable techniques for building technology-enabled supply chains. Brown addresses trends in enterprise software delivery, including cloud, multi-sourcing, mobile, and crowdsourcing models. Advocating a team-based approach to supply chain software applications, the book focuses on delivery processes as opposed to traditional software development.

**WHY IT’S A MUST-READ:** Brown’s focal point of interest is agility and efficiency in implementing supply chain software. He discusses how using governance measurements and metrics can lead to predictability in operating platforms—the goal of effective supply chain software applications. A key component of the book is how users can drive innovation while staying focused on increasing cost pressure from software providers.

The Toyota Way: 14 Management Principles from the World’s Greatest Manufacturer

By Jeffrey Liker

Renowned for its manufacturing excellence, Toyota’s management principles have transformed not only the automotive OEM sector but also operations management and entire manufacturing industries. In his book, Liker profiles other companies that have adopted Toyota’s philosophy of workplace efficiencies to reach high quality and reliability standards. He also addresses the 4 P’s—philosophy, process, people/partners, and problem solving—central to Toyota’s management ideals.

**WHY IT’S A MUST-READ:** Toyota introduced several managerial and manufacturing concepts into modern-day operations management, such as Kanban, continuous improvement (kaizen), just-in-time, waste elimination, and general Lean principles. Toyota’s 14 principles, as outlined in this book, are effective guides for any manufacturing or operations management organization.
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In striving to maximize their competitive strength, shippers across the nation are perpetually challenged to meet strenuous customer requirements in the most efficient and economical manner. Operating in lean environments, shippers often lack the resources and technology to maximize decision making while minimizing redundancies in day-to-day operations. Today’s competitive and dynamic marketplace presents growing complexities within the supply chain and a “do more with less” approach.

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Moving Boxes by Air: The Economics of International Air Cargo

By Dr. Peter Morrell

Providing a comprehensive overview of all facets of the air cargo industry, this book addresses airfreight operations from a global perspective, covering all dynamics of the business from a practitioner’s point of view. Using extensive graphs and tables, Morrell identifies the industries that rely on air transportation, as well as those global airfreight hubs that are positioned to thrive.

**WHY IT’S A MUST-READ:** Morrell’s writing touches on all aspects of air cargo transit and trade, providing details on the freighter and passenger airlines, air cargo intermediaries and forwarders, ground handlers, and the industry’s IT support systems. From a macro-economic perspective, the book reveals trends in domestic and global trade, and why trade barriers and economic variables impact certain commodities and countries.

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Logistics and Retail Management

By John Fernie and Leigh Sparks

Capturing emerging trends in the retail industry, this resource combines research, case studies, and challenges in the sector to provide a holistic overview of the retail supply chain. Written just before the e-commerce wave of consumerism, the book alludes to emerging technology applications that will impact the public’s purchasing alternatives. While focused primarily on the international fashion industry, the authors also offer a broader view of the global retail supply chain.

**WHY IT’S A MUST-READ:** Global fashion merchandising leads the retail industry in consumer trends and shipping volumes. The international trade lanes between Asia, Europe, and North America require an advanced supply chain that relies on multiple transportation modes: air, ocean, and expedited ground delivery. This book also emphasizes and promotes social responsibility within the textile industry and its supply chain.
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Innovating Lean Six Sigma: A Strategic Guide to Deploying the World’s Most Effective Business Improvement Process
By Kimberly Watson-Hemphill and Kristine Nissen Bradley

This innovative approach to the Lean Six Sigma (LSS) process allows you to mold and shape your strategy as you go, making small adjustments and customizations along the way that can have a big impact on your organization, no matter its sector, size, or end goal. The book offers the most effective methods for deploying LSS at every level—from the leaders at the top, to the managers in the middle, and down to the foundation of your company culture.

WHY IT’S A MUST-READ: Get a real-world perspective through case studies from leading business experts who have guided companies through the LSS process, and discover how they turned those companies around. Learn how to use the latest management tools such as enterprise kaizen, customer journey maps, and Hoshin planning. The book also includes a special chapter focused exclusively on how to implement Lean Six Sigma in the healthcare industry.

Supply Chain and Logistics Management Made Easy
By Paul A. Myerson

This helpful how-to will capture the attention of professionals who study all facets of logistics and supply chain management. Myerson uses charts and detailed definitions to break down industry basics in a user-friendly, yet academic approach. The book covers the evolution of supply chain management, procurement, inventory/order management, transportation, materials handling/packaging, and reverse logistics. Key topics include supply chain sustainability and Lean management techniques.

WHY IT’S A MUST-READ: Myerson covers every aspect of the logistics ecosystem, addressing key terms and trends. He focuses on both the basics of the industry and the complex issues facing logistics professionals.

Material Innovation: Packaging Design
By Andrew Dent and Leslie Sherr

The authors introduce evolving innovations in the design and functionality of packaging for commercial, retail, and industrial applications, supported by more than 350 illustrations. This book covers sustainable frontiers in package design, along with the materials used in modern packaging solutions. The writers explore next-generation ideas in design and recycled materials, including an adaptable package that can be planted after its useful life—and ultimately grows into a live plant.

WHY IT’S A MUST-READ: Package design has garnered the attention of the logistics sector in recent years, so the topic is timely in supply chain circles. As Lean initiatives gain momentum, innovative design, recycled materials, and less waste become highlights of creative packaging alternatives.
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A new mobile app stimulates a coffee merchant’s retail sales and logistics processes.

Delivery App Perks Up Coffee Sales

Change was brewing at coffee roaster Segafredo Zanetti France. While its salesforce mobile application worked fairly well, customer expectations for instantaneous information and real-time supply availability had the coffee merchant seeking to caffeinate its current system.

The legacy system had been in place for nine years. Salespeople and delivery drivers sold and distributed Italian coffee in bars, hotels, and restaurants all over France using Symbol PDA MC9094 devices connected to SAP Business One (SBO) back-office software. In 2015, approximately 4,000 customers received coffee shipments each week, delivered from Segafredo warehouses around the country.

But using the legacy system created many challenges for Segafredo’s salespeople. “We knew we had to make the sellers’ job easier, faster, and more interactive,” says Jean-Francis Caharel, project director, Segafredo Zanetti France, a subsidiary of the Massimo Zanetti Beverage Group, an espresso producer with a presence in more than 100 countries. “We also needed new functions that we couldn’t develop on the Symbol PDA because the operating system (OS) was old and did not have sufficient memory.”

Another issue was the system’s inability to synchronize data without transferring files. Salespeople and drivers spent too much time waiting to get and give information. And the sellers needed a solution that could provide information even when the system was offline or out of connection range.

“We needed more interactive data transfers,” Caharel explains. “The old OS had reached the limits of available memory, and synchronizing data took too long. Our salesforce lost time to technical problems, and began to ask for new devices.”
Segafredo’s in-house, four-person IT team took on the task of determining how to address these issues. They sought a solution that would quickly and cost effectively integrate the company’s back-office SBO software with an up-to-date mobile solution. Enter French mobile IT provider Danem.

Since 1996, Danem has been designing and marketing mobile solutions that integrate the relationships between a company’s customers, field staff, and office. Danem currently supports more than 300 companies with about 10,000 end users in industries as diverse as food processing, construction, maintenance, and healthcare.

**Magic Partnership**

Segafredo considered four solution options before selecting Danem and Magic Software’s integration platform, Magic xpi. One contender did not have a French integrator to work with. Segafredo rejected another system because it seemed too complex. And it passed on the third possibility because the solution was too expensive and time-consuming to integrate.

Magic and Danem had established a relationship on a previous project, and adding Segafredo into the blend went smoothly. “We worked with Danem as if they were colleagues,” says Caharel. “The relationship was comfortable, agile, and efficient.”

“System implementation time generally depends on integrating controls and extracting the necessary files from the back-end information system—for Segafredo it was SAP Business One, its enterprise resource planning system,” says Michel Sasportas, managing director at Danem. “The contribution of Magic’s experience and Magic xpi’s real-time exchange capabilities from Business One to the mobile application was a crucial factor in implementation success.”

“Connecting to back-end systems is typically the most time-consuming part of creating enterprise mobile apps,” explains Dominique Berger, sales manager, Magic France. Magic’s prebuilt native adapter, which was certified for Segafredo’s enterprise system, mitigated the time-consuming aspect of the process.

In addition, Magic’s code-free integration platform enabled Danem to simply drag, drop, and map the integrations needed for Segafredo’s application—the handshake that makes the communication work.

“The Magic xpi integration platform takes care of all the difficult data transformations behind the scenes so developers can concentrate on creating the right business processes rather than on the technical complexities,” Berger adds.

These ready-made connections made all the difference to the project’s success and allowed Segafredo to meet its tight implementation deadline. Segafredo hired Danem in April 2015; the deadline for implementation was Nov. 30, 2015.

“We received a beta version in July,” Caharel says. “We tested it with a local seller working near our administrative headquarters and a Parisian agent not far from Danem’s office.

“Danem issued the final release in September, and by October three salespeople were working with the new solution.”

Sasportas credits the project’s efficiency to the close working relationship among the companies. “Following the project’s implementation, and after a few months of production, not one end user needed a correction or reported negative feedback,” Sasportas notes.

While this collaboratively created system, called HORECA Mobile Solution, uses components from established protocols, it’s a new solution, says Caharel.

Segafredo also teamed up with Danem for salesforce training on the new system. Danem brought in the drivers and salesforce, took their old PDAs, synchronized one last time, and unplugged the PDA from the back-office system.

“It took one day to train each sales team on using both the Android tablet and the HORECA Mobile software,” says Caharel. “The training was based on explanations and systematic individual testing. We let the sales staff produce a lot of documents and checked that each one knew how to use HORECA Mobile. At the end of each training day, we switched from test infrastructure to production infrastructure, and the new system was in place.”

HORECA Mobile also provides benefits for both sales administration and back-office employees. The sales administrator no longer has to call the sales staff to ask them to synchronize their sales for the day. After a seller creates a sales document, it is automatically...
integrated into the back-office SBO. And because the data transfer is more fluid, the back-office staff has fewer communication issues and spends less time troubleshooting with the sales people.

The project also allowed Segafredo to keep hardware costs to a minimum. "Internally, we were able to keep the back-office software and the printers (Zebra RW420), which helped limit the initial investment," says Caharel. Associated costs were the tablets and protective cases for the sales force. The company will amortize the investment over several years.

The new system helps sellers with their daily grind. “With the new user-friendly devices, messaging software, and intranet access to statistics, sellers now have more functions than they ever thought they’d have,” says Caharel.

Even customers have noticed a difference. The PDA that the salespeople used to carry seemed outdated. The new Android devices are sleeker and more in line with what people expect to see. And, because the new software is user friendly and back-office synchronization so fast, each transaction can take place much more quickly. This makes interacting with the salesforce more efficient for customers as well.

**Stimulating Solution**

“We have already improved inventory visibility because HORECA Mobile is integrated with SBO,” says Caharel. “We also foresee our sales representatives taking supply orders with HORECA Mobile, and being able to control the amount ordered to avoid overstocking. With inventory transactions being dynamically integrated in the back office, the new system doesn’t limit us in terms of performance techniques.”

Segafredo has seen increased sales now that sellers have the ability to accept impulse purchases, up-to-date inventory and sales data, greater operational efficiency, and improved customer service. “Our salesforce now has the ability to ‘pre-complete’ supply orders depending on the product stock calculated in the back office,” adds Caharel.

Currently, Segafredo is only using the system in France. However, all the texts displayed by the HORECA Mobile Solution are stored in a resource file and would be easy to translate into other languages.

By November 2015, Segafredo’s 40 salespeople were on the road with their new Android tablets connected to the new software. “Everything is easier and more comfortable,” Caharel says. “The sellers have autonomy, communication, intuitive software, speed-printing, and messaging software they had not enjoyed before.”

He expects to see additional benefits as the new app provides the necessary jolt to Segafredo’s retail sales and distribution processes.
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Bedoukian Research juggles small batch production with intermittent demand by getting smart.

Making Scents of Demand Planning

High quality products and exceptional customer service are the essence of Bedoukian Research’s operation. To achieve both, the chemical manufacturer requires superior supply chain and logistics management of 2,000 raw materials to produce and deliver more than 400 fragrance and flavor ingredients used in everything from cookies and soup to detergent and perfume.

While some high-selling products with straightforward demand forecasting curves are easier to plan for, the complex issues of balancing small-batch production with intermittent demand posed significant challenges for the Danbury, Conn.-based company.

Bedoukian Research Inc., like many companies today, contends with supply chain complexity. The family-run, 80-employee specialized process manufacturer deals with complexity every day, in a dizzying number of ways.

On the sourcing and purchasing side, the manufacturer manages approximately 2,000 raw materials. Many of its suppliers are based in Asia, and many products ship by boat, which means it could take two to three months between the time an order is placed and when the goods arrive, says Leona Eggleston, Bedoukian’s purchasing manager.

Although it specializes and customizes many of its finished products for the end customer, Bedoukian uses many of the raw materials it buys in various products for various customers, which, in turn, involves bulk ordering and consolidating shipments.

On the demand side, Bedoukian’s global customers have a wide range of needs. Some of its biggest customers require 55-gallon drums and pallets.
shipments frequently. Other clients need occasional shipments of small quantities—maybe just a few pounds that might last an entire year.

In addition to producing fragrances and flavor ingredients that are rolled into a variety of end products, the company makes 50 insect pheromones that are used to attract and control insect pests, and that have longer lead times to produce. Bedoukian repackages and resells about 100 other products that require higher quality than the original base product.

**The Challenges of Unpredictability**

While some of Bedoukian’s high-selling products follow relatively standard demand and fulfillment flows, about two-thirds of products have hard-to-forecast, intermittent demand, making it difficult to source and keep adequate amounts of raw material on hand to make an unpredictable amount of finished goods.

Bedoukian’s finished goods have an expiration date directly impacting product quality. It faces a juggling act of having enough product on hand, ensuring that the inventory holding phase matches the product shelf life, and being flexible enough to manage the ups and downs of sales and forecasting cycles.

Bedoukian’s production and packaging operation also schedules small-batch runs to match customer requirements. The team aims to produce, stock, and deliver whatever customers need whenever they need it. That could mean a customer wants a pallet of product delivered tomorrow because another supplier was unable to fill an order, or someone else is looking for an eight-ounce jar of another essential, built-to-order ingredient that will be shipped a few weeks out, Eggleston says.

The company strives to keep its manufacturing process as flexible as possible to accommodate last-minute orders, order changes, or unexpected demand. But it also must consider the cost, time, and impact on equipment usage, equipment cleaning and prep time, as well as decide what production runs could be efficiently and cost-effectively postponed in favor of a scheduling change.

Essentially, the company needed a solution that would provide accurate stock-level estimates for all of its products, including those with intermittent demand, and integrate with its enterprise resource planning (ERP) system to produce snapshots of inbound raw material demand and orders as well as outbound finished goods inventory, sales projections, and delivery targets.

Bedoukian Research found what it was looking for in Smart Software Inc.’s SmartForecasts tool.

Smart Software’s solution helped smooth Bedoukian’s demand planning and forecasting management practices, and allowed it to improve customer service, reduce shipment costs, and more efficiently handle raw material and finished goods inventory levels.

The relationship between the two companies stems from personal ties and goes back about three decades. Robert Bedoukian, Bedoukian’s president, and Nelson Hartunian, Smart Software’s chairman, met through their father’s mutual friendship, says Jeffrey Scott, Smart’s vice president of business development.

“Bedoukian is one of our oldest customers,” adds Scott. Bedoukian has been using Smart’s solutions since 1987 to forecast both standard and intermittent demand. “We are customer service"
oriented, and working with customers like Bedoukian gives us insight into the real issues companies face today.”

One such issue is helping companies deal with variable demand, says Scott, noting that Smart’s core concept centers on the business of planning future demand, or, more accurately, helping clients understand and define what it means to have just enough product available across their portfolio. Because it’s impossible to know exactly what the future will bring, forecasting becomes more of an art to determine how to maximize customer service, optimize inventory, manage highly variable demand, and gain control over safety stock levels, reorder points, and order quantities.

Planning for Variability

“Standard demand planning often reveals nice curves showing where demand picks up and falls off. But with intermittent demand, there are no nice curves. It spikes up and down, and is impossible to forecast,” Scott says. “We help companies figure out how to have just enough product available to handle intermittent demand.”

By factoring in different risk scenarios, calibrating the “just enough” amount, and considering customer service targets, companies can better understand how quickly they can ship product or consolidate shipments, replenish inventory, order raw materials, measure safety stock levels, and advise the sales team of lead times.

Because SmartForecasts is integrated with Bedoukian’s ERP system, the company can forecast demand for every finished goods item four months into the future, and estimate optimal inventory stocking levels for its raw materials.

What Eggleston likes most is understanding the math behind SmartForecasts’ formulas, and converting that data into information that can be used to improve shipping and delivery practices; help the sales, research, and development (R&D), and production teams better meet customers’ needs; save money on freight; and avoid lost sales.

“The value is that we can see if we have enough raw materials coming in and enough finished goods in stock,” Eggleston says. “If demand goes down or sales shift suddenly, we can adapt to those changes.

“For example, we can do a partial shipment to meet the customer’s immediate need, schedule a new batch in the factory sooner, examine our reorder points, and get our sales and R&D teams involved to make sure orders are filled and customers are happy,” Eggleston adds.

The results to date make a good case for continuing with the solution. Primary benefits include recognizing product demand patterns and giving the sales team accurate information they can provide to customers about lead times or remedial actions the company is taking to meet demand.

In the past few years, Bedoukian has also been able to support increased sales with less inventory. Sales, for example, increased 15 percent while finished goods inventory increased by 4 percent and raw materials inventory rose by 5 percent.

Additionally, the company has improved customer service by reducing the number of late shipments to customers due to insufficient stock from 16 percent to 3 percent. Improved planning also enables Bedoukian to consolidate ocean shipments for almost every raw material, which decreases total freight expenses, and cuts down on emergency airfreight costs—moves that save more than $1,000 for every drum, according to Eggleston and Scott.

On the Forecast: A Bright Future

Going forward, Bedoukian also plans to use Smart’s bill-of-materials forecasting capabilities. The hope is that it will further simplify the planning process across product lines, and ensure that standard costs keep pace with the escalating costs of raw materials.

Eggleston expects this to be a useful addition for better identifying products in short supply, and improving Bedoukian’s ability to consolidate orders and supplier shipments. The continually updated feed and integration between the ERP, SmartForecasts, and bill-of-materials tools will also create a more accurate snapshot of what is going on in Bedoukian’s supply chain and how it can respond.

“With this software, we have an even better idea of what materials we have and when we need to order more. We can tell suppliers farther in advance what our demand looks like, and give them a six-month forecast, detailing what materials we need and when we need them,” Eggleston says. “It will also help us ship smarter and consolidate shipments more effectively.”

SWEET SMELL OF SUCCESS

Smart Software’s tools have helped Bedoukian Research:

- Automatically generate stocking level estimates for slow-moving items with intermittent demand.
- Recognize product demand patterns, better track sales performance, and respond faster to customers’ needs.
- Support increased sales with less inventory. Sales increased 15 percent while finished goods inventory increased only 4 percent and raw materials inventory 5 percent.
- Improve customer service by reducing late shipments to customers due to insufficient stock from 16 to 3 percent.
- Consolidate ocean shipments for almost every raw material, which has decreased total freight expenses, reduced emergency airfreight costs, and saved more than $1,000 for every drum.
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A fully baked logistics and mobile order solution brings Girl Scout cookie sales into the 21st century.

Girl Scout Cookie Sales Go Digital and Milk E-Commerce Innovation

The annual Girl Scout cookie drive is ingrained in American culture. In 2014, the annual sale entered the 21st century with Digital Cookie 1.0. This significant e-commerce innovation allows the scouts to use personalized web pages and smartphone apps to hit sales numbers that far exceed anything pre-digital.

Since 1917, Scouts have been raising money for troop activities by selling cookies door to door, at family gatherings, at their parents’ workplaces, and from card tables in public locations.

Responding to Scout requests for a new way to sell cookies—one that might be considered safer, as well as more lucrative, in a world that is vastly different from past decades—meant the Girl Scouts of the United States of America (GSUSA) would have to create and implement a new way to take and fill orders.

The New York City-based organization needed an e-commerce solution that would provide an easy and meaningful experience for the young Scout salesforce and troop volunteers. And, the system needed to link to a fulfillment and financial solution that could collect and disburse cookie payments as well as deliver cookie orders to councils or directly to customers. Bringing cookie sales into a new millennium involved old partners—two commercial bakers and 112 Girl Scout councils around the country—and new partners, including employees with skills not needed before, a web developer, and a third-party logistics (3PL) provider.
Cookie Sales from Scratch

The cookie sale concept was introduced to Scouting nearly 100 years ago when the Muskogee, Okla., Mistletoe Troop first sold homemade cookies in the school cafeteria as a service project. From there, Scouts around the country began baking and selling sugar cookies from a recipe provided by a Scout leader in 1922. Packaging their homemade treats in wax-paper bags, girls sold them door to door for 25 to 35 cents per dozen.

In 1934, the Girl Scouts of Greater Philadelphia Council blew out the pilot lights on home ovens and began selling manufactured cookies. The Greater New York council followed suit the next year. By 1936, GSUSA had started licensing commercial bakers to produce Girl Scout cookies.

Over time, the number of licensed bakers increased to as many as 29. Today, only two bakers produce as many as eight varieties that include two gluten-free options, which would have been unheard of in 1917. The annual cookie sale fundraiser is seasonal, running from November into early April. February is the peak month.

With local troops clamoring for a way to sell cookies online so they could reach far-flung friends and family, and leverage the widespread acceptance of e-commerce, headquarters staff began studying the options.

While the organization knew how to sell cookies and move orders from bakers to councils, it didn’t yet have a recipe for e-commerce. What’s more, the national office didn’t want to simply make it possible for Scouts to expand their sales territories so they could sell more cookies. They wanted to create an educational experience that would give Scouts relevant high-tech skills that would serve them well in the future.

“It’s about the girls learning entrepreneurship,” says Sheila Narayanan, chief digital girl experience executive. “Plus, we all know the Scouts have phones in their hands, so let’s use that to teach them something.”

Thinking like a Start-up

To achieve its goal of creating an online platform for cookie sales, and a corresponding app Scouts could use to take orders while selling in person, the 104-year-old organization started thinking like a start-up.

“We needed to think about multiple consumer experiences—for the girls, the adult volunteers, and their customers,” Narayanan says. “We brought in new people with the right skill sets who could roll up their sleeves and do what needed to be done, whether it involved technology, project management, or product management.”

A Sweet Solution

Once it determined the best approach for the customer experience, the organization sent out requests for proposals (RFPs) to help select the best vendors for the technology, logistics, and financial pieces. The financial aspect was particularly important because the GSUSA wanted a logistics partner that could accept payments through the Visa Checkout interface with PayPal, and disburse funds to the parties involved, including the individual Girl Scout councils.

A supply chain consultant helped determine possible solutions, and guided the RFP process that led to Evans Distribution Systems, Inc., a Melvindale, Mich.-based 3PL provider that offers fulfillment, contract packaging, warehousing, and other services to several industries.

“We needed a 3PL that could be flexible, work with us and our partners, and make this complex e-commerce ecosystem that runs in the background completely invisible,” adds Narayanan. “We needed to make it all transparent and simple for the girls.”

“Bigger, more experienced logistics providers were bidding for this business, but we had a lot to offer in terms of scope of service, enthusiasm, and a willingness to be a true partner that would do what was necessary to make this new venture work,” says Leslie Ajlouny, vice president of business development at Evans.

Following a pilot digital cookie sale with one council, GSUSA launched Digital Cookie 1.0 in late 2014. It was a resounding success, especially for the first year of a start-up operation. Scouts placed more than 350,000 orders using the digital cookie platform, driving the sale of nearly 2.5 million additional boxes of cookies and yielding an additional $10 million in sales for councils.

As expected with such a new endeavor, the parties involved identified areas they wanted to enhance and improve the following year. Changes to Digital Cookie 2.0, launched in late 2015, include widespread
availability of the smartphone Digital Cookies Mobile App, and a significantly enhanced web experience for the girls. While the inaugural 1.0 website focused on digital transactions, a 2.0 expansion allows personalized sales pages for 110,000 participating girls. In addition, it incorporates games that teach entrepreneurship lessons, the capability for girls to upload videos with a personal sales message to friends and family, and templates they can use for email sales messages.

On the fulfillment and financial side of 2.0, Evans focused on responding to concerns about 1.0 shipping costs by putting the small pack delivery component out for bid for the first time. A UPS/U.S. Postal Service partnership offered the best solution.

Handling the Dough
The biggest challenge for Evans from the beginning, though, was the financial component. To meet GSUSA requirements, Evans created custom software that tracks orders and payments, as well as generates reports for GSUSA, Evans, and Little Brownie Bakers, which is the cookie supplier for orders placed through the website platform. The baker uses the data to generate just-in-time cookie deliveries to Evans’ Melvindale facility from its bakery in Louisville, Ky. The custom software also provides weekly secondary reports to 60 Girl Scout councils.

In addition, data from the financial system is constantly “pushed back” to each Scout’s Web dashboard so she can monitor orders as well as track shipment and delivery on an estimated 240,000 total transactions during the last quarter of 2015 and the first quarter of 2016.

“It’s still an evolving process,” notes Sean Mueller, director of customer solutions at Evans. “We’re always tweaking and improving the data collection and working to make it more automated.”

The data from the transaction software is linked to the 3PL’s warehouse management system and prints directly to the floor. During peak periods, which are predictable based on past history, orders are filled from a dedicated line. Those arriving by 11 a.m. are filled and shipped the same day.

The busiest day found pickers assembling nearly 7,000 packages with an average of six boxes of cookies per package. By late March, shipments had dwindled to three or four packages daily, handled from a line that serves other clients as well.

Evans warehouses no more than one week’s worth of cookies at a time, and can get an emergency shipment in 24 hours if needed.

“Because of the cookies’ just-in-time delivery from the baker, the operation takes very little space. It’s more about managing the information flow and providing a flexible, experienced workforce,” says Ajlouny, referring to the dedicated cookie team during peak cookie-selling season. That group shifts to other clients with seasonal co-packing programs that run during opposite months.

A Hands-on Experience
Evans recently took the Scout learning experience to the next level by hosting a special digital cookie supply chain event at its distribution facility. About 65 Scouts from eight Girl Scouts of Southeastern Michigan troops attended evening presentations on how the cookies are made and delivered to Evans, and how orders are filled, shipped, and delivered. In addition, each girl picked and packed her own order of three boxes of cookies. The girls picked the right cookie boxes, packaged them and attached the label, and followed them down the conveyor to the back of the UPS truck for delivery to their homes.

“Our goal was to show the girls what happens after the ‘click’ on the website,” says Ajlouny. “We did that and had a good time, too.”

Early reports from Digital Cookie 2.0 indicate that sales are up substantially for the 2015-2016 cookie drive over the previous year. With the second selling season wrapping up, GSUSA and its partners will begin preparing for 3.0 by reviewing lessons learned from their second year. They already know that good communication contributes to the program’s success.

“We need to constantly communicate because there are so many parties involved, from headquarters to the councils,” says Mueller. “Everybody’s committed to continuous improvement. We’re all working hard to get it done.”

“We all understand that this is about the girls and the experience they need to have,” adds Narayanan of GSUSA. “We work together to give each Scout an experience that builds her courage, confidence, and character.”
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3PL Central • www.3plcentral.com
Built exclusively for third-party logistics companies, 3PL Warehouse Manager™ is an easy-to-use, on-demand warehouse management system (WMS) that helps 3PLs run more efficiently, grow their business, and satisfy customers, all for less than $500 per month per warehouse. 3PL Warehouse Manager™ is 100-percent Web-based and requires no investment in hardware, software, or IT resources. It includes features such as: EDI, global inventory visibility, order management, real-time reporting, billing management, bar-code scanning, and more. Sign up for a no-hassle, free trial today.

A.N. Deringer, Inc. • www.anderiger.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.

Agility • www.agilitylogistics.com
Let Agility manage the details of your international transportation. Choose from an array of highly configurable air and sea freight options, and road freight services that span Europe, the Middle East, North Africa, and Central Asia with more than 1,000 scheduled, weekly departures. Agility offers global expertise in commodity classifications, and local government rules and regulations, to ensure rapid clearance of your products through Customs.

American Export Lines • www.shipit.com
American Export Lines (AEL) is an international freight forwarding and logistics company founded in 1974, specializing in import, export, and foreign-to-foreign global freight and logistics services including: ocean, air, land and rail freight, warehousing, NVOCC, project and heavy lift cargo, and customs brokerage services. AEL also offers logistics services into and out of “hard to reach” and/or “hard to ship”, including destinations with complex import and/or export licensing requirements. With a network of reliable agents, an experienced staff, our own warehouses on the East and West Coasts, and shipment visibility, AEL offers full-service, customized freight solutions to clients worldwide. To learn more, call 310-895-7192 or (Toll Free) 1-800-U-SHIP-IT (874-4748), or sales@shipit.com.
APL Logistics • www.apllogistics.com

APL Logistics is a global supply chain specialist in the automotive, consumer, industrials, and retail verticals. We provide a comprehensive range of origin and destination services in over 60 countries, including freight and transportation management, customs brokerage, warehousing, distribution, and supply chain consulting. APL Logistics offers customized technology solutions and applications that help customers analyze and optimize their supply chains. For more information, visit: www.apllogistics.com.

Approved Freight Forwarders • www.approvedforwarders.com

Since 1991, Approved has been dedicated to the unique shipping needs of the Hawaii and Guam trades, and provides freight forwarding throughout the mainland U.S. Approved accommodates all types of commodities and all sizes of freight. Its highly trained logistics experts use advanced technology to tailor shipping solutions that fit your specific requirements. Approved works hard to ensure that your shipment arrives on time and intact, and keeps you updated every step of the way. To learn more about Approved’s freight and logistics solutions, sailing schedules, and competitive rates, visit the website.

Armada • www.armada.net

Through its long tradition of partnering with clients, Armada has delivered innovative, fully integrated supply chain solutions for nearly 30 years. Armada creates smaller, smarter and more agile networks that continue to evolve the standard of excellence in outsourced logistic solutions.

Atlanta Bonded Warehouse Corporation • www.atlantabonded.com

Atlanta Bonded Warehouse (ABW) Corporation has provided public and contract food-grade, temperature-controlled distribution services for more than 60 years. Its award-winning facilities, superb metro Atlanta location, exceptional service, and excellent safety record combine to satisfy customers' most stringent risk management and customer service requirements. With its in-house carrier service, and extensive network of interline partners, ABW is the only provider you need for your asset-based logistics needs in the Southeast.
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 website.

BLG Logistics, Inc. • www.blg-logistics.com

BLG Logistics, Inc. is a world leader in third-party logistics services, providing unique value-added solutions to highly technical clients. The company specializes in automotive logistics, industrial and production logistics, wholesale and retail logistics, and finished product logistics. BLG utilizes its international expertise, innovative technology, and developed workforce to bring the best of global logistics right to your doorstep.

BNSF Logistics • www.bnsflogistics.com

BNSF Logistics creates, implements, and executes high-value logistics solutions for customers by utilizing experienced logistics professionals; leading logistics technology; multi-modal execution including LTL, truckload, intermodal, and rail; and a deep understanding of its clients’ business. Ultimately, blending these factors together enables BNSF Logistics to become your most valued partner—the most critical link in your supply chain. Visit www.bnsflogistics.com for more details.

Bulletproof Logistics & Distribution • www.bulletprooflogistics.com

Bulletproof Logistics & Distribution is set to take the fulfillment, distribution, and 3PL world by storm. If you’re not familiar with us yet, you will be soon. If you’re having supply chain issues or looking to reduce your distribution costs and save money, visit our website and give us a call. We promise we won’t say “not possible”—it’s not in our vocabulary.
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 website at www.chrobinson.com.

Capacity LLC • www.capacityllc.com

Whether it’s developing delivery solutions for local startups or international shipping for global brands, preparing EDI integration for household-name vendors or packaging for luxury-brand beauty products, there’s little in the supply chain industry that the Capacity team has not done or seen. With its investment in technology, responsive team, and process-based approach to order fulfillment, Capacity has all the elements to become your ideal fulfillment partner.

Cardinal Health Integrated Logistics Services
www.yourhealthcare3pl.com

We are the complete healthcare 3PL solution, combining a nationwide network of distribution and replenishment centers, transportation logistics, and regulatory expertise like no other company can. The source for medical device products to every point of care—including hospitals and even patients’ homes. And through it all, our proprietary license management systems help you remain in regulatory compliance to keep your products moving—no matter what.

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.
For all your transportation and logistics needs, count on Celadon, one of the largest and most progressive transportation and logistics companies in North America. Celadon offers a range of truckload transportation services including long-haul, regional, local and dedicated. Celadon Logistics provides freight management services, less-than-truckload consolidation, and freight brokerage services, while Celadon Dedicated Services offers supply chain management solutions, such as warehousing and dedicated fleet services. More information is available on the Celadon website.

Choptank Transport • www.choptanktransport.com
Choptank Transport is a third-party logistics provider with over 25 years of experience. Our award-winning services include truckload and LTL services for refrigerated and dry freight as well as flatbed shipping and intermodal transit. We are a leader in the industry, using the latest technology, thoroughly vetted and approved carriers, and top logistics experts.

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.

Coyote Logistics • www.coyote.com
Coyote, a UPS company, is a leading logistics service provider. Powered by its “No Excuses philosophy,” Coyote is fiercely dedicated to delivering unprecedented customer service. Coyote provides truckload, intermodal, less-than-truckload, air, and ocean brokerage and transportation management services to more than 14,000 shippers of many different industries and sizes. The company recently added to its services UPS asset utilization, customs brokerage, and global freight forwarding.
IN THIS SECTION:

3PLs

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.

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, 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.

DF Young • www.dfyoung.com

DF Young has more than 100 years of experience providing international businesses with a 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 spans 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.

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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. DSC provides 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!

Ease Logistics • www.easelogistics.com
Ease Logistics is a non-asset-based global transportation provider. Through our growing network of over 7,000 carriers, we utilize a variety of transportation modes including full truckload, less-than-truckload, over-dimensional, air charter, and intermodal (rail). Established on a dynamic business model focusing on the shipper and carrier, Ease’s expanding customer base includes anything from small business to Fortune 500 companies. Providing the highest quality of customer service 24/7/365 has resulted in one of the fastest growing companies in the United States.

Echo Global Logistics • www.echo.com
Echo Global Logistics, Inc. (Nasdaq: ECHO) is a provider of technology-enabled transportation and supply chain management services. Echo maintains a proprietary, Web-based technology platform that compiles and analyzes data from its network of more than 30,000 transportation providers to serve its clients’ needs. Offering freight brokerage and managed transportation services across all major modes, Echo works to simplify the critical tasks involved in transportation management.

Evans Distribution Systems • www.evansdist.com
Evans Distribution Systems has been enabling customer success for more than 75 years. Evans provides warehousing, transportation, packaging, quality inspection, and complete 3PL management services for a variety of industries. Through its experience, flexibility, and innovation, the 3PL proves to its customers that “it’s easier with Evans.” Let Evans provide you with all the information you need to meet your logistics challenges.
FDSI Logistics • www.fdsi.com

Since 1985, FDSI Logistics has collaborated with businesses of all sizes and across many different industries working as a third party logistics partner. We provide personalized services and build long-term relationships that help position our partners for long-term success. We aren't just another service provider in search of customers. We understand our clients and their needs. Their success is most important to us, and FDSI offers a true partnership to create that success.

FIDELITONE • www.fidelitone.com

FIDELITONE, a supply chain management firm, helps you earn your customers' loyalty through specialized services in last-mile delivery, inbound materials management, order fulfillment, service parts management, and transportation. We manage resources, create right-fit solutions, and optimize supply chain processes to advance your business performance and profitability. At every step and in every service, FIDELITONE employees focus on the touchpoints that safeguard your brand and keep your customers coming back.

FLS Transportation • www.flstransport.com

FLS Transportation keeps your business moving with services including U.S., Canadian, cross-border, flatbed, and refrigerated truckload; expedited and specialized hauling; LTL; air and ocean; intermodal; and freight management. That's not all. Value-added services feature visibility software, EDI capabilities, and an account management program that arranges all loading, and schedules pickups and deliveries. FLS assigns each shipper a personal customer care representative, so you know someone is always available to speak to you. Ready to talk? Visit the website for details.

GENCO, A FedEx Company • www.genco.com

GENCO’s website is a valuable place to visit for whatever your logistics needs may be. For more than a century, GENCO has provided innovative solutions and quality workmanship to its customers. Its integrated approach to logistics management incorporates forward and reverse logistics needs, as well as freight and disposition management, to formulate customized solutions. Let GENCO examine your supply chain—no matter how large or small—and show you how to improve your bottom line.
GEODIS • www.geodis.com

With 5,500 people and a global network, GEODIS 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.

GlobalTranz • www.globaltranz.com

GlobalTranz is a privately held, Phoenix-based logistics company specializing in freight management services including LTL, full truckload, supply chain management, and domestic air/expedited shipping. We focus on innovative technology and partnering with sales professionals who possess energy, insight, and a fervent customer service mentality. GlobalTranz was named the Arizona Corporate Excellence (ACE) Awards' 12th Largest Private Company in Arizona and 3rd Fastest Growing Company in Arizona 2014.

Holman Distribution • www.holmanusa.com

With warehouse facilities in Seattle and beyond, Holman Distribution is a leading provider of third-party logistics with base operations in the Pacific Northwest. From paper products to major appliances, Holman can offer you the 3PL and warehouse services you need to stay ahead. If you are interested in warehousing with us in Seattle, or beyond, contact us now.

J.B. Hunt Transport • www.jbhunt.com

J.B. Hunt Transport focuses on providing safe and reliable transportation services to a diverse group of customers throughout the continental United States, Canada and Mexico. Utilizing an integrated, multimodal approach, the company provides capacity-oriented solutions centered on delivering customer value and industry-leading service. J.B. Hunt Transport Services, Inc. stock trades on NASDAQ under the ticker symbol JBHT, and is a component of the Dow Jones Transportation Average. J.B. Hunt Transport, Inc. is a wholly owned subsidiary of JBHT. For more information, visit www.jbhunt.com.
IN THIS SECTION:

3PLs

**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 IT systems with real-time online tools to facilitate seamless supply chain communications for its customers.

**Kenco • www.kencogroup.com**

Adding value to your bottom line? That’s the mission at Kenco. For more than 50 years, Kenco 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 website so that you might get to know its services. Then, contact Kenco so that you might truly understand its unique strategic advantages.

**Landstar • www.landstar.com**

Landstar provides transportation management solutions including global and domestic transportation logistics services. Landstar, long known for its safety-first culture, continues to emphasize safety, security and compliance. Our services include truckload and LTL, rail intermodal, air and ocean cargo, expedited air and truck, heavy-haul/specialized, cross-border, project cargo, customs brokerage, transportation management systems, integrated solutions, outsourced logistics and warehousing.

**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.

July 2016 • Inbound Logistics 255

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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.

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.

MD Logistics • www.mdlogistics.com
MD Logistics is a full-service provider of specialized logistics services focusing on fixtures, furniture, and equipment projects—and the special disciplines associated with those projects. MD Logistics manages the logistics component of all types of store projects, including new stores, remodels, and program rollouts. Specific transportation modes and services include conventional trailerload, air-ride blanket-wrap trailerload, hybrid LTL, merge-in-transit service, and, most importantly, time-definite service.

NFI Industries • 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.
ODW Logistics • www.odwlogistics.com

Make ODW Logistics your choice for import logistics, distribution, fulfillment, and packaging. With more than 40 years of cumulative experience, Columbus, Ohio-based ODW Logistics grew to one of the Midwest’s most effective regional 3PL providers. The company focuses on excellent customer service, flexibility with small and large companies, and customized rates and terms. Put ODW Logistics on your team and visit the website today!

Odyssey Logistics & Technology • www.odysseylogistics.com

Odyssey Logistics & Technology combines deeply skilled industry professionals with a leading technology solution to provide multimodal logistics management services to the chemical industry and other process manufacturers. Odyssey Logistics & Technology enables these companies to outsource any part of the management and transportation of their raw materials and finished goods. They achieve cost savings through reduced transportation and infrastructure costs, measurable customer service and process improvements, and improved data quality and management.

Penske Logistics • www.penskelogistics.com

Penske Logistics is an award-winning logistics services provider with operations in North America, South America, Europe, and Asia. Our products and services range from dedicated contract carriage and distribution center management to transportation management and fully customized solutions. No matter what your needs or industry, Penske Logistics engineers supply chain solutions that deliver business results like boosting productivity, improving service, and shrinking carbon footprints. Call us today at 1-800-529-6531 to learn more.

Pepsi Logistics Company • www.pepsilogistics.com

Pepsi Logistics Company, Inc. (PLCI) is an experienced transportation provider. As a division of PepsiCo, we have the ability to leverage our vast network and scale to provide quality solutions for your regional, national and international shipment needs. The company specializes in transportation, logistics, supply chain management, and brokerage.
Performance Team • www.performanceteam.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 11 domestic hubs, over 5.1 million square feet of warehouse space, and a fleet of more than 400 trucks, Performance Team’s skilled team of employees processes approximately $100 billion in wholesale goods. See why Performance Team continuously earns a reputation as the premiere trucking, consolidation, and distribution company in the United States; log on to www.performanceteam.net.

Pilot Freight Services • www.pilotdelivers.com
Pilot Freight Services, Inc. is a full-service transportation and logistics provider with over 75 locations throughout North America, as well as stations in Amsterdam, Toronto, Vancouver, Mexico City, and A Coruña, Spain. The company’s freight forwarding services encompass every mode of transportation, including air, ground and ocean, serving all corners of the globe. Pilot’s logistics programs offer a complete line of expedited and time-definite services, international shipping solutions, product warehousing and inventory management. In addition, Pilot’s online shipment navigator, CoPilot, makes online shipping fast, convenient and secure. Learn more about Pilot Freight Services at www.PilotDelivers.com.

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 • www.portlogisticsgroup.com
Port Logistics Group is the nation’s leading provider of gateway logistics services, including value-added warehousing and omni-channel distribution, transloading and cross-docking, e-commerce fulfillment, and national transportation. With 5.5 million square feet of warehouse space strategically located in and around major North American ports, Port Logistics Group provides the critical link between international transportation and the last-mile supply chain.
In this Section:

3PLs

**ProTrans International • [www.protrans.com](http://www.protrans.com)**

With over two decades of experience in North America, ProTrans knows your supply chain is one-of-a-kind. That's why we specialize in designing impactful solutions that are uniquely customized to fit your company’s needs. Our strong network, innovation, and professional experience make us more than just logistics providers to our clients. We’re their one-of-a-kind strategic problem solvers.

**Purolator International • [www.purolator.com](http://www.purolator.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 Canadian delivery points in Canada.

**R2 Logistics • [www.r2logisticsteam.com](http://www.r2logisticsteam.com)**

Founded in 2005, R2 Logistics is a global provider of transportation services and logistics solutions. As a third-party logistics company, we provide access to more than 20,000 contracted transportation providers. With four operating branches located in Columbus, Ohio; Dallas, Texas; Detroit, Mich.; and Jacksonville, Fla., we are able to provide your company with any possible over-the-road shipping need nationwide, including Mexico and Canada. With the dedication of our employees, and our culture of Reliable Service and Relentless Passion, we’ve built a strong reputation as an industry leader.

**Redwood Logistics • [www.redwoodlogistics.com](http://www.redwoodlogistics.com)**

Offering brokerage, assets, SaaS TMS, managed logistics, and freight forwarding, Redwood Logistics is your strategically integrated logistics provider. From its diversity of services, data-driven network solutions, and strategically integrated model, Redwood has positioned itself as the dominant player in the mid-market space. Redwood is big – managing over $500 million in transportation spend – but also flexible, with an entrepreneurial spirit.

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RR Donnelley • www.rrd.com
Experience the benefits that only come from working with a major, global shipper that is also a top-ranked 3PL. We offer multiple transportation modes, an established multi-carrier network, volume-leveraged rates and service levels, along with technology-enabled systems and processes. Visit our website and contact us today to see why customers have relied on us for nearly 150 years.

Ruan • www.ruan.com
With Ruan, you can take advantage of door-to-door shipping solutions without the hassles and overhead associated with owning and operating your own fleet of trucks. We have more than 5,200 employees operating, servicing and coordinating some 3,400 power units and 5,600 trailers out of more than 100 locations throughout the continental United States. But you get more than just drivers and equipment—we become an extension of your team, advocating for your bottom line. Find out why the right partner can drive costs out of your supply chain—call 866-RUAN-NOW or visit our website—ruan.com.

Ryan Transportation • www.ryantrans.com
Since 1986, Ryan Transportation has served thousands of shippers across the United States, Canada and Mexico. Today, its services have expanded to include third-party-logistics and transportation management. Ryan excels at providing customized solutions for clients. When working with Ryan Transportation, each customer has a designated account manager to address all questions and transportation needs. Throughout its history, Ryan has worked hard to anticipate the future needs of customers. Whether the challenges are capacity shortage, difficult lanes, or complex issues in the global marketplace, Ryan stands committed to helping customers grow and succeed.

Ryder Supply Chain Solutions • www.ryder.com
Ryder Supply Chain Solutions is an end-to-end supply chain partner with nearly 80 years of experience helping customers in North America, the UK, and Asia transform their supply chains by delivering the best in operational execution. Ryder provides a full range of services, from optimizing day-to-day logistics operations to synchronizing the supply of parts and finished goods with customer demand. At Ryder, we understand that when it comes to logistics, Execution is Everything.
**Saddle Creek Logistics Services • www.sclogistics.com**

Saddle Creek Logistics Services is a third-party logistics company. We leverage our broad array of capabilities – including warehousing, transportation, packaging and fulfillment – to provide integrated solutions that support our customers’ business objectives. For more information, visit sclogistics.com.

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**Schneider Logistics • www.schneiderlogistics.com**

You have a set of logistics challenges. Schneider Logistics has the solutions. Schneider Logistics helps you manage your supply chain to its maximum efficiency by leveraging its 60 years of transportation experience every time it tackles a tough logistics problem. Schneider Logistics uses its deep operating knowledge to create solutions as unique as your needs. And it develops leading-edge technology to save you money and improve your customer service. Visit the website to find out how Schneider Logistics can help you face your complex logistics challenges.

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**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.

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**Sunland Logistics Solutions • www.sunlandls.com**

Sunland Logistics Solutions has warehousing operations conveniently located in and around Greenville/Spartanburg, S.C., and near the Port of Charleston, S.C. With 40 years of industry experience, Sunland specializes in providing warehouse services, transportation solutions, temporary staffing, and full supply chain management solutions. Sunland serves a number of verticals, including automotive, chemical (hazmat), retail, and paper. To learn more about Sunland, visit the website.
Syfan Logistics • www.syfanlogistics.com

Since 1984, Syfan has provided customers with a competitive advantage through superior transportation and logistics services. Syfan consistently strives to meet and exceed customer expectations of service through timely communication and quality information. Leveraging its rich experience and dedicated team, Syfan’s commitment is to provide you with on-time pickup and delivery—every time.

Taylored Services • www.tayloredservices.com

At Taylored Services, we look at your business as if we were a box moving through your supply chain. Our goal: to provide a comprehensive array of fulfillment services that best fit your business needs. Award-winning retail experts. Strategically located bi-coastal facilities. Expertise in wholesale and retail distribution. Best-in-class systems and technology. A full range of logistics services including: drayage management, transload, DC bypass, crossdock, case distribution, unit fulfillment (B2B, B2C, Digital), and value-added distribution solutions (repacking, reticketing, point of purchase, display assembly, inserts and labeling, returns). Visit www.tayloredservices.com or contact sales@tpservices.com

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 login access and links to resources useful to shippers. Visit www.transgroup.com to learn about TransGroup Worldwide Logistics, 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.
Transportation Insight • www.transportationinsight.com
Global lead logistics provider Transportation Insight offers supply chain optimization to help with mergers and acquisitions, site selection, sourcing/distribution alignment, least landed cost determination, and more. With industry-leading strategic planning technology, supply chain expertise, and a continuous improvement mindset, Transportation Insight can help transform your business. Our offering spans domestic transportation, international logistics, and warehousing to deliver end-to-end supply chain solutions. Core bundled services include carrier sourcing, freight bill audit and payment, transportation management system, and supply chain reporting. Contact us at info@transportationinsight.com or 877-226-9950.

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.

Universal Logistics Holdings Inc. • www.universallogistics.com
Universal is a leading asset-light provider of customized transportation and logistics solutions. We provide our customers with supply chain solutions that can be scaled to meet your changing demands and volumes. We offer a comprehensive suite of services including transportation, value-added, intermodal, air, ocean and customs brokerage services that can be utilized throughout your entire supply chain.

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.
UTXL • www.utxl.com
Whether you need a core transportation service provider or a resourceful backup relief valve, turn to UTXL. UTXL handles truckload and multiple stop shipments (consolidated LTL) between any points in North America, and can arrange service to or from any state with satellite and/or cellular equipped teams and single drivers for your van, reefer, flatbed, or oversized shipments. Shippers nationwide rely on UTXL for reliable service and economical prices; you can, too. Check out the website for all the details.

Veritiv Corporation • www.veritivcorp.com
Veritiv Corporation is one of North America’s largest business-to-business distributors, and employs the most experienced professionals. Serving virtually every industry, Veritiv provides print and publishing, packaging, facility, and logistics solutions that give customers a competitive edge and help shape their success.

Wagner Logistics • www.wagnerlogistics.com
Wagner Logistics offers dedicated warehousing, transportation management, packaging, and assembly operations across the United States with over 3 million square feet of warehousing space. We provide genuine customer service to our customers and our superior onboarding process will make your customers’ transition seamless. We work tirelessly to find innovative solutions to reduce supply chain costs while increasing your speed-to-market with our latest award-winning technology.

Werner Enterprises • 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. Werner’s 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.
**Worley Companies** • www.worleywarehousing.com

Worley Companies is a 3PL whose food grade facilities and service offerings are guided by our ISO 9001-2008 and organic certifications. Our clients are world-class CPG and food manufacturers. We offer temperature-controlled and ambient storage options to meet your ingredient or finished product needs. Our order fulfillment (B2B and B2C) and value-add services are managed by our WAREPAK/400 WMS. Our secured facilities are ISO 9001-2008 and organic certified, as well as C-TPAT compliant.

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**WSI (Warehouse Specialists, LLC)** • 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.

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**Yusen Logistics** • us.yusen-logistics.com

Yusen Logistics offers a complete transport and logistics portfolio of services to some of the world’s largest companies. We offer full end-to-end service coverage including origin cargo management, ocean freight forwarding, airfreight forwarding, warehousing, reverse logistics, surface transportation, and integrated supply chain solutions. We are committed to contributing to the sustainable development of our society through safe, environmentally friendly options.

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**Zebra Technologies** • www.zebra.com/warehouse

When it comes to creating a real-time warehouse, only Zebra Technologies brings you true end-to-end solutions. Zebra products help your company wrangle increasing complexities by automating processes and simplifying operations. Zebra services help you get and keep your mobile warehouse solution up and running at peak performance and free your IT staff to focus on business objectives.
IN THIS SECTION:

3PLs – Intermodal

**Zipline Logistics** • **www.ziplinelogistics.com**

3PL Zipline Logistics serves a comprehensive range of products, industries, and modes. Its customized analysis and reporting tools enable transport professionals to improve their decisions and reduce costs. Personal logistics consultants are experienced and equipped to help shippers explore new markets, new modes, and shipping plans for new product lines. Contact Zipline Logistics to learn how its team of experienced, diligent logistics consultants can focus on your success and provide real value.

**American Airlines Cargo** • **www.aacargo.com**

American Airlines Cargo is your shipping solution, providing more than 100 million pounds of weekly cargo lift to major cities in the United States, Europe, Canada, Mexico, the Caribbean, Latin America and Asia. For almost 80 years, American Airlines Cargo has consistently pushed the edge of cargo technology and expanded its network around the world. American Airlines Cargo locations are worldwide; visit the website to search for one near you.

**Regions Securities** • **www.regions.com**

Regions Securities provides small- to large-cap companies with high-quality service and advice from talented, relationship-oriented bankers. That means your business gets the dedicated “A Team” every time. Region's seasoned team of bankers understands your company’s desire for growth, and its capital markets experience enables you to receive creative, customized solutions tailored to meet your company’s strategic and financial objectives.

**Matson** • **www.matson.com**

Matson is a leader in Pacific shipping and most noted for its long-standing service to Hawaii, Guam, and Micronesia. Matson’s China-Long Beach Express offers premium, expedited service from Ningbo and Shanghai to Long Beach, including a guaranteed expedited service option to many U.S. destinations. Its subsidiary, Matson Integrated Logistics, is one of the nation’s leading logistics providers, with expertise in all aspects of U.S. mainland transportation: truck, rail, and air.

**AIR CARGO**

**FINANCIAL SERVICES**

**INTERMODAL**
nVision Global • www.nvisionglobal.com

nVision Global is a leading international freight audit, payment, and logistics management solutions provider. With locations in North America, Europe, and Asia, our staff is fluent in more than 25 languages, and processes and pays freight invoices from more than 190 countries worldwide. Over the years, our customers have come to rely on our prompt, accurate Sarbanes-Oxley-compliant freight payment services, as well as our leading-edge information management analytical tools including global mapping, graphing, benchmarking, modeling, and network optimization analysis to help them manage their overall supply chain costs.

SMC3 • www.smc3.com

SMC3 is the foremost provider of data, technology, and education as an integrated solution to the freight transportation community. SMC3’s core competency is its pricing expertise, which it delivers through products and services that simplify processes and promote collaboration between buyers and sellers of transportation services. The company currently serves more than 5,000 customers operating throughout the contiguous United States, Canada, and Mexico. SMC3’s customer base includes shippers, carriers, logistics service providers, and freight payment companies.

TMW Systems • www.tmwsystems.com

TMS solutions from the company that drives ground transportation in North America. Extensible, enterprise-ready software for companies that manage or provide transportation services – from logistics service providers and manufacturers to private and dedicated fleets to bulk carriers, LTLs, truckload carriers and non-asset-based freight brokers. Make operations more agile and more profitable with transportation management software from TMW Systems.

iGPS Logistics • www.igps.net

iGPS Logistics is North America’s only pooler of 48x40 plastic pallets. iGPS pallets generate measurable savings in transport, reduced product damage, and other operational efficiencies. The world’s only multi-use pallet to receive NSF Food Equipment Certification, iGPS’ platform is a major advance in supply chain hygiene – a platform that can easily be cleaned. Contact us at 1-800-884-0225 or visit www.igps.net.
Port Everglades • www.porteverglades.net
Nobody moves cargo in and out faster than Port Everglades. The port is part of a thriving global transportation network that counts among its attributes a favorable location less than one mile from the Atlantic Shipping Lane, direct access to multimodal inland links through Florida’s interstate and highway systems, and an FEC rail hub within two miles. Across the street is Fort Lauderdale Airport, one of the fastest-growing airports in the nation. Visit the website for more details.

Hartz Mountain Industries • www.hartzmountain.com
Hartz Mountain Industries, Inc. is one of the largest privately held real estate owners/developers in the United States. With a legacy spanning six decades, the Hartz portfolio has grown to more than 235 properties comprising over 40 million SF, primarily in New Jersey and New York. Recent acquisitions have expanded the footprint nationally to Atlanta, Austin, Baltimore, Charlotte, Chicago and Seattle. Hartz is a full-service real estate company with in-house staff to manage a diversified real estate portfolio including build-to-suit e-Commerce opportunities, and warehouse and distribution facilities.

Murray Construction Co. • www.murrayconstruction.com
Founded in 1956 and named after our founder, Maurice M. Weill, Murray Construction is a regional commercial real estate company which develops, builds, markets and invests in a diversified range of real estate, including industrial, flex, lab, office, medical, retail, and storage facilities. From humble beginnings, Murray Construction has developed over 25,000,000 square feet of commercial projects.

Prologis • www.prologis.com
Prologis is a leading global provider of distribution facilities and services with more than 300 million square feet in over 2,000 distribution facilities owned, managed, and under development in 75 markets in 17 countries in North America, Europe, and Asia. Prologis has over 4,000 customers worldwide.
Enterprise, Florida • www.enterpriseflorida.com
Enterprise Florida, Inc. (EFI) is a public-private partnership between Florida’s business and government leaders and is the principal economic development organization for Florida. EFI’s mission is to expand and diversify the state’s economy through job creation. EFI’s activities have championed Florida as the premier location for business expansion and relocation, created a renewed interest both nationally and internationally in Florida as a top state for business, and resulted in a significant number of new jobs and capital investments.

MacroPoint • www.macropoint.com
MacroPoint offers an unique logistics tracking solution for freight transported by third parties. Its patented logistics software transforms any operators’ pre-existing cell phone, smartphone, or in-cab device into an automated location tracking system capable of tracking any load, anywhere, anytime. Today, MacroPoint’s software tracks more than 500,000 drivers across North America and is used by more than 6,000 trucking companies and other third-party logistics providers to provide complete supply chain visibility.

Saia LTL Freight • www.saia.com
For nearly 90 years, Saia LTL Freight has been providing customers with fast, reliable regional and interregional shipping. With 147 terminals located in 34 states, Saia LTL Freight offers a range of products and services that are backed up by a guarantee like no other in the industry. Our Customer Service Indicators, or CSIs, allow us to measure our performance each month against a set of six indices that our shippers said are the most important to them.

American Commercial Lines • www.aclines.com
Barge transportation on America’s vast inland waterways system is the most economical, safest and greenest way to keep the wind power industry on the move—moving wind turbines more efficiently and for a lower cost than railroads and trucks. Barges also consume less fuel and emit fewer pollutants. It’s the current wisdom, and it’s why American Commercial Lines urges you to do what it has been doing for nearly 100 years – Follow The River.
Connecting Florida to the World

Florida East Coast Railway
From its entrepreneurial roots in 1885 to its present-day value proposition, ride along with Florida East Coast Railway to see how it keeps goods on track. Discover how it enables shippers to reach 70 percent of the United States in four days or less.

Managing Cold Chain Logistics

Weber Logistics
Put on your parka and get an inside look into how Weber Logistics takes on the cold chain. Explore the warehouse facilities where the 3PL keeps food in safe and temperature-appropriate conditions, from frozen to refrigerated to air-conditioned storage for confections and other products.
Getting Products to Customers Fast
bit.ly/regalatwork

Regal Logistics
A talking box (yes, you read that right) takes you through its journey through the supply chain, illustrating how Regal Logistics helps it arrive safely and quickly at the retailer for final sale. From real-time tracking to scalable operations, watch supply chain efficiency at work.

PepsiCo Fizzes Routes by 20 Percent
bit.ly/optimizedroute

Omnitracs Solutions
Consider the Pepsi challenge: 500 SKUs per location, a specified number of hours for drivers to work, a set amount of capacity on its trucks, and the need to distribute that work evenly throughout the organization. Optimizing routes for PepsiCo was far from easy. Find out how it conquered the complexity.

Westfalia Automates Southern Wine & Spirits of California
bit.ly/Westfalia_automation

Westfalia Technologies
Explore Southern Wine & Spirits of California’s state-of-the-art facility in Union City. Take a look around the massive warehouse which stores 1.8 million cases, and watch how its materials handling systems process an astonishing number of pallets quickly, gently, and accurately.

Global Reach from Dubai
bit.ly/al-futtaim

Al-Futtaim Logistics
Visit Dubai without leaving your seat. Explore this emerging logistics hub with the world's largest free trade zone, and discover how Al-Futtaim Logistics’ strategic positioning in Dubai allows it to offer end-to-end solutions in more than 100 countries.

How LED Lighting Can Make You A Warehouse Rock Star
bit.ly/Graybar_lighting

Graybar
Let Graybar, a leading warehouse lighting provider, and GE light up your life while you learn about the growing popularity of LED lighting solutions in distribution centers and warehouses.
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.

Amber Road

**TITLE:** Revisiting Supplier Relationship Management to Boost Real Value in the Supply Chain


**SUMMARY:** In today’s competitive sourcing environment, strong, collaborative supplier relationships deliver substantial benefits. Supplier relationship management (SRM) initiatives are on the rise and can yield real dollar value return—and friendly working relationships. Download Amber Road’s new e-book to identify the benefits of a successful SRM.

Resilinc

**TITLE:** Business Collective 1.0: Partnering Reborn

**DOWNLOAD:** [bit.ly/2a65jcV](http://bit.ly/2a65jcV)

**SUMMARY:** This new whitepaper examines the supply chain implications of Brexit, based on developments as of June 2016. By analyzing the macro economics of the United Kingdom, combined with advanced multi-tier supply chain intelligence, this report provides a window into what supply chain experts can expect in the coming months, and what opportunities and risks this historic event has opened up.

GT Nexus

**TITLE:** Fulfillment in an Evolving Omnichannel World

**DOWNLOAD:** [bit.ly/2a55AOj](http://bit.ly/2a55AOj)

**SUMMARY:** While the omnichannel retailing model promises a seamless experience for consumers, it adds a new level of complexity for retailers as they try to find the most efficient ways to get merchandise into shoppers’ hands. This process requires speed, agility, and a new level of insight—functionality that is often unattainable with the many legacy-based systems that still exist industry-wide. This whitepaper examines how retailers are taking steps to revamp their logistics networks, with the goal of creating an omnichannel fulfillment strategy that not only executes orders efficiently in near real time, but also drives profitability.
Unyson

TITLE: Examination of an Inbound Web Portal
SUMMARY: Regardless of size, every business strives to save money and streamline processes. However, companies often overlook the cost of inbound transportation. Inbound web portals have the ability to bring several companies together in one place to share accurate and necessary information, and provide an opportunity for business-to-business growth. Overall, each component of the supply chain—customers, 3PL providers, carriers or vendors—can reap the rewards of reduced costs, advanced visibility, improved reliability, and increased savings.

C3 Solutions

TITLE: Understanding Dock Scheduling
SUMMARY: This whitepaper’s objective is to help industry professionals understand the basics of dock scheduling, supported by real industry case studies. It will help you assess whether you need a dock scheduling system, identify your potential cost savings, determine where to start, and evaluate which solution is best for your business. You will also find a comparative table that examines different types of dock scheduling systems, and weighs their criteria and benefits.

Ryder

TITLE: Apple Valley Creamery Grows Business By Outsourcing its Transportation
SUMMARY: Small business owners wear many hats; fleet manager should not be one of them. By collaborating with Ryder, Apple Valley Creamery got the backing of a large company, giving them reliable trucks they can count on to deliver their fresh products to customers. For a small business, having predictable costs with service you can count on provides the confidence your customers’ demands will be met. Learn how this partnership gave Apple Valley just that.

C.H. Robinson

TITLE: Global Forwarding: Biggest, Fastest Savings
SUMMARY: It’s mission critical to optimize efficiencies and savings while moving freight around the world. Where can you get the biggest savings in international shipping with the least effort? Start here, by reading this new whitepaper, which details: How to get more use out of available space with cargo consolidation; how to estimate exposure and manage cargo risk; why understanding Incoterms, free trade agreements, and ACE may lead to savings and efficiency improvements, and more.

DHL

TITLE: Business Collective 1.0: Partnering Reborn
DOWNLOAD: www.dhl.com/bus-collective
SUMMARY: The latest whitepaper in DHL’s Business Collective 1.0 series outlines how digitization, connectivity, and new modes of collaboration are transforming how companies conduct business, and calls for an end to the transaction-based operating model. This report serves as a roadmap for the 70 percent of businesses that are not yet capitalizing on partnerships by detailing the key pillars for success in implementing the Business Collective.
GPS fleet management solutions provider NexTraq released a new mobile application to support its fleet tracking platform. The app, NexTraq View, provides in-field supervisors with a real-time view of company assets and the ability to send jobs to workers without having to refer back to the office.

Scandit, a developer of software-based barcode scanning solutions, released Scandit Flow, a mobile data capture development platform that supports a wide variety of barcode-scanning intensive workflows across the supply chain, including proof of delivery, inventory management, and asset management. Companies interested in trying Scandit Flow can sign up for a free 30-day trial.

Mobile app company Trucker Path released Trucker Path Pro, a new version of its app that helps truck drivers find available parking along the national highway system. The new version includes 27,000 locations and real-time crowdsourced information on truck parking availability from more than 400,000 drivers.

Verizon Networkfleet, the fleet management solutions arm of communications giant Verizon, released a new fleet management system for small and mid-sized businesses. The Expressfleet system helps companies with small fleets monitor fleet performance and unsafe driving behavior, minimize vehicle downtime, and reduce fuel usage.

Supply chain management solutions provider ArrowStream enhanced its OnDemand platform with updates for food supply management. The added features show restaurant chains and other foodservice providers where they can take action to manage spend, inventory, contracts, promotions, and pricing. The updates also enable quick responses to quality issues.

Transportation management software provider MercuryGate International partnered with Thoroughbred Direct Intermodal Services, a subsidiary of Norfolk Southern, to give its users access to Modal-X, a web-based portal for instant door-to-door intermodal rates for transactional freight opportunities.

Logistics software provider Ehrhardt + Partner Group expanded its product portfolio with the Lydia Voice Suite voice-picking system. The solution is available in business and enterprise versions. The business version comes with a standard headset, while the enterprise version expands the solution with an order-picking vest. A SmartWatch (pictured) and data glasses are also available.
3PL Damco now offers two Verified Gross Mass services to support the implementation of new SOLAS regulations. The first service covers the physical weighing process, and the second includes submitting documentation to the carrier.

Temperature-controlled storage provider Dean's Services expanded its presence at the Port of Oakland. The company added 3,800 pallet positions, including a 250-pallet, 34-degree-F dock cooler transload facility. The location can handle overweight shipments up to 60,000 pounds.

UPS will launch a new on-demand manufacturing service by the end of summer 2016 that links customers with 3D printers in UPS Stores. The initial launch includes 60 store locations around the United States. In addition, a collaboration with SAP provides potential customers with the ability to work the order-to-manufacturing process into an end-to-end supply chain solution.

New England Motor Freight (NEMF), an LTL and drayage carrier, opened a new facility in Belle, W. Va. The terminal allows NEMF to provide direct service to the entire state of West Virginia.

Regional package delivery company OnTrac expanded its operation with a new facility in Tucson, Ariz. The 56,733-square-foot distribution center allows OnTrac to offer same-day delivery, overnight delivery, and OnTrac drop boxes to the Tucson area.

Virgin Atlantic Cargo and Delta Cargo signed contracts with ground handling service provider dnata to co-locate cargo handling services at London Heathrow, Manchester, Glasgow, Edinburgh, and London Gatwick airports, as well as six smaller regional airports throughout the United Kingdom. The move is designed to provide easier single drop-off and collection points for customers of both airlines, and will deliver longer-term benefits such as faster truck turnaround times and enhanced services for premium products.

AAGEX Freight Group, a new non-asset transportation services company headquartered in Jacksonville, Fla., offers FTL, flatbed, heavy haul, LTL, intermodal, and expedited transportation services throughout North America. The company fulfills these solutions through a network of independent branch locations.

LTL carrier Old Dominion Freight Line opened a new service center outside Indianapolis in Brownsburg, Ind. The 18-acre Brownsburg Service Center is located near Interstates 74, 65, and 70, and includes 380 doors with room to add 50 more as capacity needs increase.
Cold chain service provider PortFresh Logistics will open a 100,000-square-foot cold treatment facility for perishable cargo at the Port of Savannah by end of summer 2016. A new U.S. Department of Agriculture program allows South American citrus fruit, grapes, blueberries, and other produce items to enter the country via the Port of Savannah, and the new site will help facilitate those shipments.

Lineage Logistics, a temperature-controlled warehousing and logistics company, opened a new 180,000-square-foot cold storage distribution center in North Charleston, S.C. The new facility features access to the Port of Charleston and I-26, with regular rail service through Norfolk Southern.

3PL Prime Distribution Services opened a new location in Plainfield, Ind. The 30-door facility features 300,000 square feet of dry warehousing space, which can accommodate up to 20,000 pallets. The new location uses radio frequency picking and automated case picking software to increase the speed and accuracy of its operations.

3PL Yusen Logistics is building a new logistics center near Celaya, Mexico, to service the automotive industry. Named the Bajio Logistics Center, the facility contains 53,820 square feet of warehouse space, offers access to rail and road networks, and is located on a 17-acre site within the Amistad Industrial Park. Yusen expects the facility to be operational by the end of 2016.

Trucking company Manitoulin Transport opened a new terminal in Brandon, Manitoba. The facility has 50 percent more dock space than the previous terminal, as well as a 5.5-acre yard, allowing the company to handle higher shipment volumes in the region.

ORBIS Corporation, a manufacturer of reusable packaging, introduced a new design for its FLiPak containers. The Model FP244 FLiPak container is available in three bottom styles to accommodate different applications. The totes stack when filled, and nest when empty, to increase space on manufacturing floors, in warehouses, and on trucks.

Lift-Rite’s new legal-for-trade integrated scale hand pallet truck uses four certified load cells to generate data, with a percentage of error on weights of 1 pound for loads up to 3,000 pounds, and 2 pounds for loads between 3,000 and 5,000 pounds. The truck is suited for large-scale delivery, distribution, and pharmaceutical applications.

Pallet manufacturer CTC Plastics released a line of reusable, nest-able plastic pallets made from 100 percent recycled materials. The pallets are designed for durability and long service life; resistant to mold, mildew, and pest infestation; and fit tightly together for maximum space savings.

Loading dock equipment manufacturer NOVA Technology’s Lock-Up vehicle restraint secures an intermodal container chassis or trailer to a loading dock by engaging the rear impact guard with a vertical barrier operated by a control panel mounted inside the building. A spring-loaded, structural steel housing automatically positions the unit when contacted by a backing truck.
Materials handling equipment manufacturer Raymond Corporation’s Model 4750 sit-down counterbalanced lift truck is ideal for cold storage environments, and is available with attachments to handle specialized loads. The vehicle’s ergonomic features include entry from both sides, a full-suspension seat, a tilt steering wheel, and a foot-activated parking brake.

The TR-71wf Temperature Data Logger from CAS DataLoggers helps shippers monitor temperatures throughout manufacturing and shipping processes. The loggers also create electronic documentation to help shippers provide proof of regulatory compliance, and email alarms to any mobile device.

By January 2017, materials handling equipment manufacturer JLG Industries will standardize its portfolio of boom lifts with the SkyGuard control panel protection system. It stops and temporarily reverses whatever function is in use when activated by the operator’s body pressing against the control panel on the lift, such as in accidents where the operator is pinched between the lift and an obstruction.

Plastic pallet and box maker Cabka-IPS introduced the BigBag Divider, a materials handling solution for transporting and storing bulk bags. Free of sharp edges, it protects large bags from abrasion and damage while being moved by forklifts.

DeltaTrak, a cold chain management solutions provider, introduced a line of reusable data loggers for temperature monitoring in cold storage warehouses, walk-in coolers, freezers, and processing, packing, and staging areas. The FlashLink USB PDF Reusable Data Loggers contain on-board software that generates PDF reports with temperature graphs, tables, summary statistics, and alarm information.

4th ANNUAL GLOBAL SUPPLY CHAIN EXCELLENCE SUMMIT
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SEPTEMBER 15 - 16

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Industrial door manufacturer Rytec’s new Turbo-Slide freezer door opens at a rapid speed of more than 60 inches per second, minimizing energy loss. A thermoplastic outer shell offers superior impact resistance and durability, and the door is designed for easy realignment in the event of accidental impacts.

ProShip, a provider of shipping solutions, launched the CVP-500 automated packaging solution. The system builds, fills, folds, and labels each parcel in one process, and is capable of packing medium and large products with variable dimensions into a custom-fit box.

Global transport and logistics company Gebrüder Weiss began offering overland transport between Sofia, Bulgaria, and Tehran, Iran. The company offers daily direct freight runs to sites in Maria-Lanzendorf/Vienna, Austria, and Dunaharaszti, Hungary, to Sofia, where goods bound for Iran are consolidated. The standard transit time is six business days, and the service departs weekly.

Shipco Transport, a non-vessel-operating common carrier, added six LCL service routes. The new direct services are Mumbai, India, to Chicago; Chittagong, Bangladesh, to Los Angeles; Ho Chi Minh City, Vietnam, to Chicago; Xiamen, China, to Seattle; Xiamen, China, to Oakland; and Hamburg/Bremen, Germany, to Dallas.

Customs brokerage Carmichael International Service expanded its full suite of services into Canada. Key offerings include compliance and transaction validation; classification; non-resident importer programs; documentation; duty payment processing; regulatory compliance; and electronic entry preparation, filing, and release. All services feature full electronic integration with the Canadian Border Service Agency’s ACROSS system, and can either be used solely in Canada or integrated with the company’s U.S. or global service offerings.

Logistics service provider Averitt Express added new routes to its LCL service from China. The company added new weekly departures from the Port of Yantian, China, to Memphis; and from Shanghai to Charleston.

Cargo airline IAG Cargo began servicing a new route from London Heathrow to Santiago, Chile. The new flight operates four times weekly to and from Santiago.

Cargo airline Air Canada Cargo implemented an RFID tracking solution from CargoAware, a division of Franwell. The solution tracks cargo and mail shipments across multiple stations in the airline’s network, including Montreal, Canada; Frankfurt, Germany; Boston; and Chicago, helping shippers keep tabs on their goods.
DHL Global Forwarding’s new ocean freight service, DHL Ocean Thermonet, is specially tailored to the life sciences and healthcare sectors. The offering enables around-the-clock monitoring of temperature-sensitive pharmaceutical products and the possibility to intervene on short notice in case of incidents.

Truckload carrier Halvor Lines opened a new terminal in Inver Grove Heights, Minn. The new location gives drivers a place to drop and pick up loads, and allows the carrier to expand its service portfolio in the Twin Cities area.

Roadrunner Transportation Systems, a transportation and logistics service provider, expanded its LTL service to include outbound service from Vancouver, British Columbia. The new offering opens the western half of Canada to Roadrunner LTL Freight’s outbound service.

Crane Worldwide Logistics, a third-party logistics provider, began offering a new final-mile service. Crane Worldwide Doorbell helps retailers improve speed to market, offer more convenience to end customers, and add the visibility of delivery tracking through a mobile platform.

Union Pacific announced plans to invest $11.5 million in 2016 to improve its rail transportation infrastructure in New Mexico. The investment includes maintenance projects for existing track and bridges, replacing 22,091 railroad ties, and installing 7,791 tons of rock ballast.

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Inbound Logistics
279

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Roadrunner Transportation Systems, a transportation and logistics service provider, expanded its LTL service to include outbound service from Vancouver, British Columbia. The new offering opens the western half of Canada to Roadrunner LTL Freight’s outbound service.

Crane Worldwide Logistics, a third-party logistics provider, began offering a new final-mile service. Crane Worldwide Doorbell helps retailers improve speed to market, offer more convenience to end customers, and add the visibility of delivery tracking through a mobile platform.

Union Pacific announced plans to invest $11.5 million in 2016 to improve its rail transportation infrastructure in New Mexico. The investment includes maintenance projects for existing track and bridges, replacing 22,091 railroad ties, and installing 7,791 tons of rock ballast.
American Production and Inventory Control Society  
APICS 2016  
www.apics.org/annual-conference  
Washington, D.C. | SEPT 25-27  
**AUDIENCE:** Supply chain and logistics professionals  
**FOCUS:** Best practices to create more sustainable, resilient, strategic, and value-driven supply chains; strategies for remaining agile amid instability and unpredictability

**SEPTEMBER**  
**25**  
**ClaroTime**  
**Ports & Commodities Americas 2016**  
bit.ly/ports_commodities  
**AUDIENCE:** Latin American and U.S. port operators, railway operators, and commodity traders  
**FOCUS:** Terminal operations, technology, and logistics management; import/export opportunities and challenges

**12-14**  
**Dallas, Texas**  
**PARCEL Media; Customized Logistics and Delivery Association**  
**PARCEL Forum ’16**  
parcelforum.com/conference  
**AUDIENCE:** Distribution, logistics, supply chain, and warehouse managers; small-package supply chain stakeholders  
**FOCUS:** Latest advancements in technology (cloud, SaaS, voice recognition), operations/facilities (site location, materials handling, DC optimization), packaging (DIM, void fill, on-demand), and distribution (omni-channel, same-day, regionals)

**13-14**  
**Alexandria, Va.**  
**Defense Strategies Institute**  
**Defense Logistics Technology Summit**  
logisticstech.dsigroup.org  
**AUDIENCE:** U.S. military logistics supply chain stakeholders and providers  
**FOCUS:** Using additive manufacturing technology to transform the military logistics supply chain; leveraging IoT applications to improve efficiency and effectiveness across the U.S. military; maintaining asset visibility at the tactical, operational, and strategic level; increasing the speed and agility of the U.S. military logistical supply chain

**15-16**  
**Los Angeles, Calif.**  
**USC Marshall Center for Global Supply Chain Management**  
**Fourth Annual Global Supply Chain Excellence Summit**  
www.globalsummit.uscsupplychain.com  
**AUDIENCE:** Supply chain management executives; SCM academia  
**FOCUS:** Delivering high-performing supply chains; recruiting top supply chain management talent; recognizing industry best practices

**18-20**  
**Houston, Texas**  
**Intermodal Association of North America**  
**Intermodal Expo 2016**  
www.intermodalexpo.com  
**AUDIENCE:** Supply chain and transportation professionals, intermodal shippers and stakeholders  
**FOCUS:** Technologies impacting intermodal; how to strengthen shipper/drayage partnerships; recent trucking regulations and funding—and their implications on intermodal; intermodal solutions exhibition

**20-22**  
**Detroit, Mich.**  
**Automotive Logistics Global Conference**  
bit.ly/ALglobalconference  
**AUDIENCE:** Professionals in the automotive logistics sector including car manufacturers, tier suppliers, logistics providers, infrastructure operators, and technology solutions suppliers  
**FOCUS:** Automotive logistics strategy; taking a holistic approach to global automotive supply chains; building supply chain flexibility to meet changing consumer demands and vehicle preferences

**20-22**  
**Princeton, N.J.**  
**Worldwide Business Research**  
**LogiPharma 2016**  
www.logipharmaus.wbresearch.com  
**AUDIENCE:** Pharmaceutical supply chain stakeholders  
**FOCUS:** Customer-centric supply chain management; innovating the cold chain; managing network complexity; creating a healthcare value chain map; the future of life sciences logistics; utilizing serialization and traceability data

**25-28**  
**Kissimmee, Fla.**  
**Council of Supply Chain Management Professionals (CSCMP)**  
**CSCMP’s 2016 Annual Conference**  
www.cscmp.org/annual-conference  
**AUDIENCE:** Supply chain, logistics, and transportation professionals  
**FOCUS:** Latest supply chain management insight, research, and industry developments; supply chain best practices; real-world strategies for maximizing and transforming supply chains

**26-28**  
**Nashville, Tenn.**  
**Worldwide Business Research**  
**Consumer Returns 2016**  
**AUDIENCE:** Executive-level supply chain professionals  
**FOCUS:** Managing the full product life cycle; tracking omni-channel returns; improving consumer experience to reduce returns; streamlining supply chains for products such as apparel and household appliances

**1-4**  
**Dallas, Texas**  
**Truckstop.com**  
**Connected 2016**  
www.TruckstopConnected.com  
**AUDIENCE:** Broker and carrier users of Truckstop.com  
**FOCUS:** Supply chain insights from industry analysts and experts; rate benchmarking, data intelligence, carrier qualification, and product training
The parcel shipping, warehousing, distribution and logistics industry is moving forward at “same-day” speed—in large part due to the role technology is playing in increasing customer demand and expectations in both the B2B and B2C markets. Our industry is moving forward, and companies who fail to recognize the shift taking place within the supply chain will get trampled.

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<th>Page</th>
<th>Website</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.N. Deringer</td>
<td>99</td>
<td><a href="http://www.anderinger.com">www.anderinger.com</a></td>
<td>888-612-6239</td>
</tr>
<tr>
<td>Agility</td>
<td>72</td>
<td><a href="http://www.agility.com/retail">www.agility.com/retail</a></td>
<td>714-617-6300</td>
</tr>
<tr>
<td>American Export Lines</td>
<td>22</td>
<td><a href="http://www.shipit.com">www.shipit.com</a></td>
<td>800-U-SHIP-IT</td>
</tr>
<tr>
<td>APL Logistics</td>
<td>135</td>
<td><a href="http://www.apilogistics.com">www.apilogistics.com</a></td>
<td>602-586-4800</td>
</tr>
<tr>
<td>Approved Freight Forwarders</td>
<td>57</td>
<td><a href="http://www.approvedforwarders.com">www.approvedforwarders.com</a></td>
<td>888-679-5099</td>
</tr>
<tr>
<td>Atlanta Bonded Warehouse Corp.</td>
<td>180</td>
<td><a href="http://www.atlantabonded.com">www.atlantabonded.com</a></td>
<td>678-264-2720</td>
</tr>
<tr>
<td>Bender Group</td>
<td>205</td>
<td><a href="http://www.bendergroup.com">www.bendergroup.com</a></td>
<td>800-621-9402</td>
</tr>
<tr>
<td>BLG Logistics</td>
<td>121</td>
<td><a href="http://www.blg-logistics.com">www.blg-logistics.com</a></td>
<td>205-633-4031</td>
</tr>
<tr>
<td>BNSF Logistics</td>
<td>53</td>
<td><a href="http://www.bnsflogistics.com">www.bnsflogistics.com</a></td>
<td>866-481-9658</td>
</tr>
<tr>
<td>C.H. Robinson</td>
<td>7</td>
<td><a href="http://www.chrobinson.com">www.chrobinson.com</a></td>
<td>800-323-7587</td>
</tr>
<tr>
<td>Capacity LLC</td>
<td>232</td>
<td><a href="http://www.capacityllc.com">www.capacityllc.com</a></td>
<td>732-348-7224</td>
</tr>
<tr>
<td>Cardinal Health</td>
<td>15</td>
<td><a href="http://www.yourhealthcare3pl.com">www.yourhealthcare3pl.com</a></td>
<td>614-757-9228</td>
</tr>
<tr>
<td>CaseStack</td>
<td>236</td>
<td><a href="http://www.casestack.com">www.casestack.com</a></td>
<td>855-638-3500</td>
</tr>
<tr>
<td>Celadon Logistics</td>
<td>11</td>
<td><a href="http://www.celadonlogistics.com">www.celadonlogistics.com</a></td>
<td>800-235-2366</td>
</tr>
<tr>
<td>Corporate Traffic Logistics</td>
<td>183</td>
<td><a href="http://www.corporate-traffic.com">www.corporate-traffic.com</a></td>
<td>800-787-2334</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Website</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://www.coyote.com">www.coyote.com</a></td>
<td>877-6-COYOTE</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Website</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
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<td><a href="http://www.ctlogistics.com">www.ctlogistics.com</a></td>
<td>216-267-2000 x2190</td>
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<table>
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<tr>
<th>Website</th>
<th>Phone</th>
</tr>
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<td><a href="http://www.dfyoung.com">www.dfyoung.com</a></td>
<td>610-570-2620</td>
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<table>
<thead>
<tr>
<th>Website</th>
<th>Phone</th>
</tr>
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<tbody>
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<td>704-587-5587</td>
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</tbody>
</table>

### DSC Logistics

<table>
<thead>
<tr>
<th>Website</th>
<th>Phone</th>
</tr>
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<tbody>
<tr>
<td><a href="http://www.dsclogistics.com">www.dsclogistics.com</a></td>
<td>847-635-4952</td>
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</tbody>
</table>

### Ease Logistics

<table>
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<tr>
<th>Website</th>
<th>Phone</th>
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<tr>
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<table>
<thead>
<tr>
<th>Website</th>
<th>Phone</th>
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<tbody>
<tr>
<td><a href="http://www.echo.com">www.echo.com</a></td>
<td>800-354-7993</td>
</tr>
</tbody>
</table>

### Evans Distribution Systems

<table>
<thead>
<tr>
<th>Website</th>
<th>Phone</th>
</tr>
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<tbody>
<tr>
<td><a href="http://www.evansdist.com">www.evansdist.com</a></td>
<td>800-OK-EVANS</td>
</tr>
</tbody>
</table>

### FDSI Logistics

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<th>Website</th>
<th>Phone</th>
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<td>818-971-3000</td>
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</table>

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<tr>
<th>Website</th>
<th>Phone</th>
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<tbody>
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<td><a href="http://www.fidelltone.com">www.fidelltone.com</a></td>
<td>800-475-0917</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Website</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://www.fistransport.com">www.fistransport.com</a></td>
<td>800-739-0939</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Website</th>
<th>Phone</th>
</tr>
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<tbody>
<tr>
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</table>

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<thead>
<tr>
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<th>Phone</th>
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<tbody>
<tr>
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<td>877-469-0510</td>
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</table>

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<table>
<thead>
<tr>
<th>Website</th>
<th>Phone</th>
</tr>
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<tbody>
<tr>
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<td>253-872-7140</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Website</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://www.jbhunt.com/360">www.jbhunt.com/360</a></td>
<td>866-242-6128</td>
</tr>
</tbody>
</table>

### Johanson Transportation Service

<table>
<thead>
<tr>
<th>Website</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
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<td>800-742-2053</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Website</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
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<th>Page</th>
<th>Website</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landstar</td>
<td>61</td>
<td><a href="http://www.landstar.com">www.landstar.com</a></td>
<td>877-696-4507</td>
</tr>
<tr>
<td>LeSaint Logistics</td>
<td>145</td>
<td><a href="http://www.leSaint.com/end2end">www.leSaint.com/end2end</a></td>
<td>877-KNOW-3PL</td>
</tr>
<tr>
<td>Lynden</td>
<td>43</td>
<td><a href="http://www.lynden.com">www.lynden.com</a></td>
<td>888-596-3361</td>
</tr>
<tr>
<td>Mallory Alexander International Logistics</td>
<td>133</td>
<td><a href="http://www.mallorygroup.com">www.mallorygroup.com</a></td>
<td>800-257-8464</td>
</tr>
<tr>
<td>Matson Logistics</td>
<td>49</td>
<td><a href="http://www.matson.com">www.matson.com</a></td>
<td>866-628-7663</td>
</tr>
<tr>
<td>MD Logistics</td>
<td>161</td>
<td><a href="http://www.mdllogistics3pl.com">www.mdllogistics3pl.com</a></td>
<td>317-838-8900</td>
</tr>
<tr>
<td>NFI</td>
<td>Cover 3</td>
<td><a href="http://www.nfiindustries.com">www.nfiindustries.com</a></td>
<td>877-634-3777</td>
</tr>
<tr>
<td>ODW Logistics</td>
<td>146</td>
<td><a href="http://www.odwlogistics.com">www.odwlogistics.com</a></td>
<td>800-743-7062</td>
</tr>
<tr>
<td>Odyssey Logistics &amp; Technology</td>
<td>63</td>
<td><a href="http://www.odysseylogistics.com">www.odysseylogistics.com</a></td>
<td>855-412-0199</td>
</tr>
<tr>
<td>Penske Logistics</td>
<td>17</td>
<td><a href="http://www.gopenske.com">www.gopenske.com</a></td>
<td>844-868-0818</td>
</tr>
<tr>
<td>Pepsi Logistics Co. Inc.</td>
<td>37</td>
<td><a href="http://www.pepsiLogistics.com">www.pepsiLogistics.com</a></td>
<td>888-752-4669</td>
</tr>
<tr>
<td>Performance Team</td>
<td>113</td>
<td><a href="http://www.performanceteam.net">www.performanceteam.net</a></td>
<td>866-775-5120</td>
</tr>
<tr>
<td>Pilot Freight Services</td>
<td>105</td>
<td><a href="http://www.pilotdelivers.com">www.pilotdelivers.com</a></td>
<td>800-HI-PILOT</td>
</tr>
<tr>
<td>PLS Logistics Services</td>
<td>212</td>
<td><a href="http://www.plslogistics.com">www.plslogistics.com</a></td>
<td>866-814-5100</td>
</tr>
<tr>
<td>Port Jersey Logistics</td>
<td>211</td>
<td><a href="http://www.portjersey.com">www.portjersey.com</a></td>
<td>609-495-1300</td>
</tr>
<tr>
<td>Port Logistics Group</td>
<td>40</td>
<td><a href="http://www.portlogisticsgroup.com">www.portlogisticsgroup.com</a></td>
<td>877-901-6472</td>
</tr>
<tr>
<td>ProTrans International</td>
<td>35</td>
<td><a href="http://www.protrans.com">www.protrans.com</a></td>
<td>888-776-8726</td>
</tr>
<tr>
<td>Purolator Inc.</td>
<td>93</td>
<td><a href="http://www.purolatorinternational.com">www.purolatorinternational.com</a></td>
<td>888-511-4811</td>
</tr>
<tr>
<td>R2 Logistics</td>
<td>123</td>
<td><a href="http://www.r2logisticsteam.com">www.r2logisticsteam.com</a></td>
<td>904-394-4677</td>
</tr>
<tr>
<td>Redwood Logistics</td>
<td>80</td>
<td><a href="http://www.redwoodlogistics.com">www.redwoodlogistics.com</a></td>
<td>312-698-8334</td>
</tr>
<tr>
<td>RR Donnelley’s DLS Worldwide</td>
<td>81</td>
<td><a href="http://www.rrdonnelley.com">www.rrdonnelley.com</a></td>
<td>888-757-0291</td>
</tr>
<tr>
<td>Ruan</td>
<td>51</td>
<td><a href="http://www.ruan.com">www.ruan.com</a></td>
<td>866-782-6669</td>
</tr>
<tr>
<td>Ryan Transportation</td>
<td>155</td>
<td><a href="http://www.ryantrans.com">www.ryantrans.com</a></td>
<td>888-877-6301</td>
</tr>
<tr>
<td>Ryder</td>
<td>151</td>
<td><a href="http://www.ryper.com">www.ryper.com</a></td>
<td>888-793-3702</td>
</tr>
<tr>
<td>Saddle Creek Logistics Services</td>
<td>143</td>
<td><a href="http://www.sclogistics.com">www.sclogistics.com</a></td>
<td>888-878-1177</td>
</tr>
<tr>
<td>Schneider</td>
<td>82</td>
<td><a href="http://www.schneider.com">www.schneider.com</a></td>
<td>920-595-4200</td>
</tr>
<tr>
<td>SEKO Logistics</td>
<td>83</td>
<td><a href="http://www.sekologistics.com">www.sekologistics.com</a></td>
<td>201-744-1611</td>
</tr>
<tr>
<td>Sunland Logistics Solutions</td>
<td>213</td>
<td><a href="http://www.sunlandlogistics.com">www.sunlandlogistics.com</a></td>
<td>800-295-0081</td>
</tr>
<tr>
<td>Syfan Logistics</td>
<td>44</td>
<td><a href="http://www.syfanlogistics.com">www.syfanlogistics.com</a></td>
<td>855-287-8485</td>
</tr>
<tr>
<td>Taylored Services</td>
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<td><a href="http://www.tayloredservices.com">www.tayloredservices.com</a></td>
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</tr>
<tr>
<td>TransGroup Worldwide Logistics</td>
<td>90</td>
<td><a href="http://www.translogistics.com">www.translogistics.com</a></td>
<td>800-444-0294</td>
</tr>
<tr>
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A record-setting logistics operation puts the pedal to the medal to ensure that the 30 million items athletes need for the Rio Games are ready, set, go.

> 344,000 sq ft
Total capacity of two warehouses in Rio storing all the materials needed for the Games including equipment for sporting events, furniture, and fittings

70 feet
Maximum height of storage racks—equivalent to a seven-story building—in the Rio warehouses

32,000 tennis balls
Used in the sports events alone. The Games also dash through 400 footballs, 8,400 shuttlecocks, 250 golf carts, and 54 boats

120 trucks
The number of vehicles the warehouses storing the sporting events equipment can load and unload at any given time

2,000 people (approx)
Comprise the team responsible for managing the logistics of the Games, from registering and recording the arrival of the goods to stocking and organizing their final delivery

80,000 chairs
In the athletes’ village, the largest in Olympic history. Fittings also include approximately 70,000 tables, 60,000 clothes hangers, 29,000 mattresses, and 6,000 TVs

Source: www.rio2016.com; warehouse photos by Gabriel Nascimento

Warehouse workers in Rio strive for their personal best when handling various Olympics equipment and supplies.
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