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ONLINE EXCLUSIVES



Building Bench Strength With Supply Chain Graduates bit.ly/scgraduates

Ryan Repich, Senior Director of Global Supply Chain, Sealing Devices, Ultrafab

Today, millennial and Generation Y candidates who have a supply chain degree can immediately fill a gap previously reserved for a more experienced person. This article details the benefits recent graduates can bring to your operation.



The Do's and Don'ts Of Sales and Operations Planning bit.ly/sopplanning

Brett Gopal, Senior Director, Strategic Initiatives, Global Ops & IT, Smith & Nephew

If done right, an effective sales and operations planning process can help you make faster and more profitable decisions. Use this advice to enhance margins, both internally and across the supply chain.



Pioneer Ports Drive Economic Development In the Inland Northwest bit.ly/pioneerports

Doug Mattoon, Executive Director, Valley Vision

The Port of Lewiston, Port of Clarkston, and Port of Whitman County – also known as the Pioneer Ports – are positioned to offer reduced shipping costs to companies purchasing goods from Pacific Rim suppliers. Learn how these ports leverage collaboration and partnership to achieve success.

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CHECKING IN

Felecia Stratton

by Felecia Stratton | Editor



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Keep the Change

When developing content for *Inbound Logistics*, I often ask readers what issues and challenges they face. Dealing with constant change in supply chain management is one hot-button topic that arises repeatedly.

Efficient change management is critical in the supply chain because it touches every function within an enterprise. And, as I recently discovered, managing change is the same across functions and across industries — even publishing.

My journey into change management began about one year ago, when the publisher and I were having a casual lunch with *IL*'s managing editor. Over burgers and salads, she dropped a bombshell: She was leaving New York-based *Inbound Logistics* to move to Seattle with her husband, who was pursuing a career opportunity.

I barely had time to process her news when our senior designer left us for a much better job: stay-at-home mom of two children under two.

Then, following in quick succession were our creative director, who accepted a job offer he couldn't refuse, and then our associate editor, who went back to school to attend a prestigious full-time writing program. Most recently, our senior writer received a job offer from one of our readers, a large CPG company — not to write but to analyze and consult on its supply chain management strategies.

All these quick staff changes occurred after an eight-year period of zero turnover, and coming off *IL*'s best year ever, with the largest readership growth in our 34-year history. My days were suddenly crammed with interviewing, selecting, and training new staff members, all while meeting our publication schedule and deadlines.

As we worked through those challenging weeks and months, a different scenario emerged. Once they settled in, our new employees began to suggest workflow and process improvements, and proposed exciting ideas. They brought new perspectives, new talents, and new experiences to the table. Our restructured department quickly began to gel and take shape. And now it is as exciting to come to work each day as it has ever been, and to implement these changes and anticipate even greater improvements down the road.

Never before did I have to manage a department with so much turnover in such a short time. So I did a little research on change management, and found a helpful resource: the *Ideal Change Management Model* by Russell Kinneberg. If you are involved in supply chain change management, you might find his eight-step model useful. Access it here: bit.ly/8stepmodel

I came away from this experience embracing change, rather than fearing it. And that's good advice, whether you are managing a supply chain or publishing a magazine. ■

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DIALOG

THE ONGOING CONVERSATION
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HASH IT OUT

@ILMagazine

Transportation companies need contingency plans to keep freight and operations moving. bit.ly/planforit

FletcherSupplyChain @FletcherSCG

After last season, New England should be prepared with transportation plans in place in case we have a repeat winter.

@ILMagazine

Freight audit and payment companies help shippers find the hidden cash in their supply chains. bit.ly/findhiddencash

Soroush Moeinzadeh @mba_ib

More to the story: It's worthwhile to note, only one in 10 freight invoices is accurate (according to Rick Erickson, global director of Freight Payment Solutions at Minneapolis-based U.S. Bank).

@ILMagazine

Three factors to consider when offshoring your supply chain.
bit.ly/offshoringtips

CatherineBarannikova @CATbarannikova

Some companies are onshoring supply chains: for example, Apple from Chinese to U.S. operations.

IN EXCHANGE

What Is Globalization Doing To the World of Logistics?

Globalization impacts strategic sourcing, logistics, and supply chain management. Here's how your company can become a preferred employer in today's global age.
bit.ly/logisticsgoesglobal

Michael McConaughy

It's all about total landed costs and not just about cheap labor.

READER EMAIL

Where do you read Inbound Logistics?

My favorite reading spot is home and work, since they're one and the same. I look through each issue with a focus on technology-related topics.

Bernie Wagenblast
Transportation Radio



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SOUNDBITE

“Supplier diversity is a business imperative and it's also one of our core values. A diverse base makes us a stronger company and diverse suppliers help bring innovation and a different perspective.”

— **DIANE LIN**, Director, Global Procurement
Starbucks Coffee Company

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Good Question...

READERS WEIGH IN

What is the difference between logistics and supply chain?

If managing the supply chain is like fetching a hungry baby a bottle, then logistics is the thankless trek up and down the stairs in the middle of the night.

Benn Bekic

Chief Strategy Officer, WiseTech Global

Logistics is the connection from one node or point to another; supply chain is a series of sequential nodes or points connected to one another. Logistics focuses on transporting goods while supply chain focuses on finished product and/or customers.

Michael Fries

Sr. Logistics BI Analyst, US Foods

Supply chain comprises all aspects of a product cycle from origin to end user, for example from farm to fork. Logistics relates to one component of supply chain, addressing efficient product movement, such as from manufacturer to retail store.

Peter Reed

Senior Partner, KOM International

Logistics is just one component of a supply chain. Logistics has to do with the coordination and movement of goods. Supply chain involves multiple facets such as operations and procurement that keep a company running smoothly.

Pamela Ton

*Procurement Analyst,
Northrop Grumman Aerospace Systems*



“Supply chain is the football coach, and logistics is the quarterback. They both provide direction regarding how field assets must be situated and positioned. But the coach provides the overall game plan, and the QB executes the moves, adapting on the fly as needed.”

Jasen Incidis Application Developer and Support Specialist, UltraShipTMS

Procurement and logistics are responsible for getting the right thing (including the right specifications, the right quality) at the right (total) cost from the optimal source or sources. Supply chain is the implementation of the procurement strategy.

Thomas W. Derry

*Chief Executive Officer,
Institute for Supply Management (ISM)*

Supply chain is the entire flow that brings a product or service to sale. Logistics is a segment of that, focused on the transportation and storage of goods.

Joe Couto

Chief Operating Officer, HighJump

Logistics is about how and when you move your material. Supply chain is how you turn a grain into a drink, including all processes, internal and external, to realize your drink.

Barry Meijerink

Director of Account Development, ProTrans

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10 TIPS

STEP-BY-STEP SOLUTIONS



Selecting a Global Trade Management System

Selecting the right global trade management system is an important factor in growing your business. Analyzing features such as customization and security can help you determine which solution best meets your company's needs. Ron Atapattu, president and founder of Overseas Cargo Inc., offers the following recommendations for selecting global trade management software that can take your business to the next level.

- 1 Identify the right platform.** Conduct research up front to ensure you choose a platform that works with your industry.
- 2 Get recommendations.** Speak with professionals in your industry for first-hand advice and suggestions. Learning from other companies' successes and failures can help you make the right choice.
- 3 Customize.** It is unlikely that you will find an off-the-shelf tool to meet all of your global trade needs. Make sure you can tailor the tool with total flexibility to best meet your business processes.
- 4 Set benchmarks.** The system will function to your standards when you set and measure benchmarks. The best way to ensure the system is increasing productivity is to know your standards ahead of time, and measure your efficiency.
- 5 Verify easy data transfers.** Data transfers can be difficult and require a confusing program to link systems. Make sure your system allows easy data transfers to avoid cost and implementation issues.
- 6 Train staff to manage the tool.** Any global software must have a staff with the skills to use it. Having an untrained staff that incorrectly uses the system wastes time and money, and leads to unnecessary frustration.
- 7 Review security and storage.** Cloud services are increasingly in demand, but they can create security and storage issues within the software. Validate the security and storage features of your system before you purchase it.
- 8 Challenge the software.** It is critical to test the software to see how useful it will be for your company. For example, what is the acceptable downtime for support? Make sure the vendor you choose provides appropriate support, and not just a temporary fix.
- 9 Ensure the software is evolving.** To be most effective, software should evolve as your needs change. The software should elevate your company, not outdate it. Software that works the same as it did 10 years ago may not offer the improved functionality of newer tools.
- 10 Recover the cost of investment.** The software must have a significant payback on investment. For companies based on global benchmarks, a typical payback period is usually between 18 to 30 months, depending on penetration and other factors. ■



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Sean Smith is supply chain director at Agropur Ingredients in La Crosse, Wis. He has worked for the company since 2013.

RESPONSIBILITIES

Purchasing, inbound and outbound logistics, production planning, inventory management, analytics, and warehouse operations.

EXPERIENCE

Supply chain manager, U.S. Army; strategic sourcing manager - facilities, Citigroup; supply chain manager - contracting and sourcing, Adventist Health Systems.

EDUCATION

Diploma, supply chain management, U.S. Army Quartermaster School, 2003; BS, finance, University of Maryland, 2010; MBA, supply chain management, University of South Florida, 2012.

Sean Smith: Ingredients For a Great Career

DURING MY EIGHT YEARS IN THE MILITARY, I WAS deployed to Iraq for a time, and I was part of a group that went to Louisiana after Hurricane Katrina. In New Orleans, my team brought in equipment and supplies to sustain soldiers who were running rescue and recovery. During supply runs, we'd drive off in all directions. We had to make our own supply chains because they didn't exist anywhere. If we found a Home Depot, we'd clean it out and bring equipment back for the soldiers who were going home to house, and rescuing survivors.

We brought in chain saws, axes, and even truckloads of fishing waders to protect the task force from the contents of the water they were wading through. We lived on caffeine for almost two months.

Today, at Agropur, I work for the ingredients business unit. We operate from a 500,000-square-foot facility that includes a dry blending and packaging plant with 11 production lines, plus warehouse and

distribution space. We sell our ingredients—products such as anti-caking agents, stabilizers, and whey protein powders—to food manufacturers. We also do packaging for several large customers.

One main challenge is complexity. We have about 9,000 SKUs—90 percent are ingredients and 10 percent are packaging. The shelf life for a given ingredient varies. A lot of our components come from

The Big Questions

When you're not working, how do you like to spend your time?

I like watching football, and spending time with my wife, and our four cats and three dogs. We try to take one big trip each year. Last year it was Ireland, and this year it was Hawaii.

With whom would you like to change places for a day?

The head of the CIA, so I could know all our secrets.

What's one major thing you hope to accomplish someday?

I've always wanted to build a large distribution center from the ground up, with automated storage and retrieval, automated guided vehicles—everything to make it as automated as possible.

What movie can you watch over and over and never get tired of?

Super Troopers.

China, often taking four months to get here. That uses up quite a bit of the shelf life. So we have to manage a complicated balancing act, not bringing in product too soon but also not holding it too long.

Because we do contract manufacturing, make our own branded products, and distribute products, each sales segment requires different supply chain channels.

Packaging has no expiration date, but we have to strike a balance between keeping enough in stock and not taking up too much room with bulky items such as plastic jars.

When Agropur Ingredients hired me, I was responsible for just purchasing and logistics. Now, my department controls the supply chain from end to end. We're redoing processes to eliminate paper and manual work, getting ready to implement a transportation management system, and planning to start developing a warehouse management system in house. We started to do our own forecasting, rather than relying entirely on customer forecasts. And we're putting in systems to better coordinate our purchasing and production scheduling. We're also

starting up a new, 126,000-square-foot distribution center.

I've been a big proponent of education at Agropur. I've brought in APICS to teach the Certified Supply Chain Professional course to most of my department. Six people, including myself, will soon be sitting for that exam.

I get bored if I'm not challenged. Supply chains always create a new challenge that we need to tackle or figure out. That's why, when the Army made me a supply chain manager, I fell in love with that work. I still love it today. ■

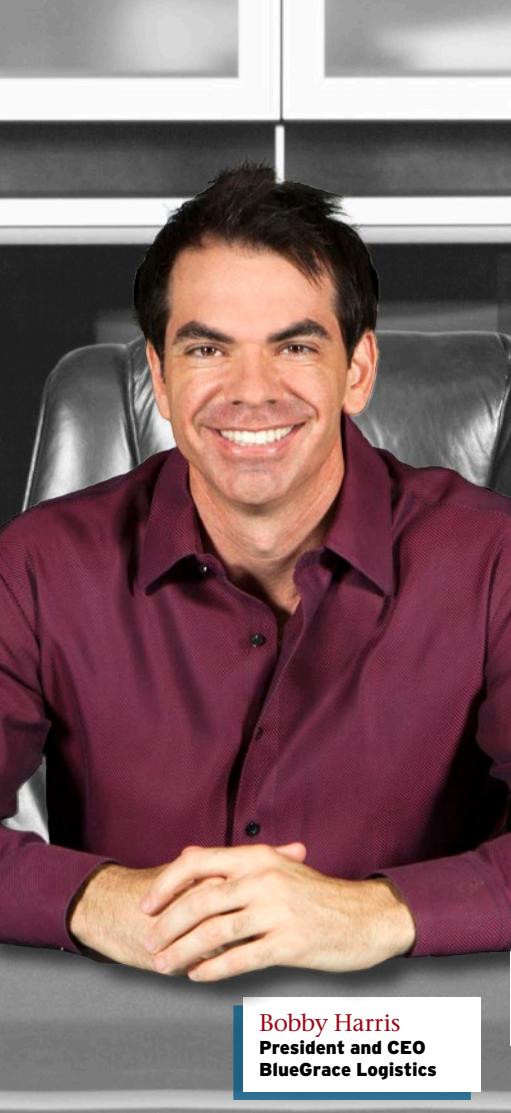
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Bobby Harris
President and CEO
BlueGrace Logistics

LEADERSHIP

*Conversations With
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People Person

A QUICK LOOK AT THE COMMENTS ON GlassDoor, a website where employees and former employees anonymously review companies, tells you all you need to know about BlueGrace Logistics: “Greatest place to work.” “This is a company that truly encompasses the ‘Work Hard, Play Hard’ mentality. I have been with the company a little over a year, and I can’t say enough good things.” “BlueGrace has an amazing culture that I have never experienced before. Everyone seems happy to work here and loves what they do.” That kind of culture starts at the top with BlueGrace President and CEO Bobby Harris. *Inbound Logistics* sat down with Harris to learn more about creating a corporate culture that continuously motivates and challenges employees.

ENTERPRISING SPIRIT

Bobby Harris founded BlueGrace Logistics in 2009 as a full-service company providing logistics technology and transportation management services.

He earned a B.A. in psychology from the University of South Florida, and has held various positions in operations and sales with Southeastern Freight Lines and Yellow Transportation.

In 2011 and 2012, Harris was honored as one of Ernst and Young’s Entrepreneur of the Year finalists; in 2014, he won Entrepreneur of the Year in the Emerging category.

Harris also proudly supports the Humane Society of Tampa Bay as a member of its Advisory Council.

IL: What differentiates BlueGrace’s corporate culture from its competitors?

One thing that is different at BlueGrace is that we put our employees almost above our customers. We believe in employee satisfaction first, because if we have a bunch of happy employees – and we do! – we create happy customers. If my employees are happy, my customers are happy – every time.

We do just about everything to engage employees. For example, we have a beer party every Friday and we recently brought in a bouncy house. We want work to be a lot of fun, and we truly care about our employees. I constantly solicit their feedback. Once each week, I send out one question for employees to answer anonymously through a third-party service.

We acquired shipping and transportation company U.S. Transportation Consultants (USTC), based in Baltimore, in 2013. When we asked the question, “On a scale of one to 10, how happy are you at work?” the BlueGrace Florida office averaged 9.3, which is world class; scores lower than nine are below average. But in the new Baltimore office, scores were much lower, averaging 8.5. Why?

After the acquisition, these were our employees from the first day, and they’re scared. One employee had been with USTC for 29 years, and wondered, ‘What’s this crazy

kid doin’?’ The Florida employees looked at the Baltimore people, who had more experience, and wondered, ‘Are they going to replace us?’ As a company trying to merge two cultures, we had to get out in front of it.

IL: BlueGrace Logistics has awarded more than 57 franchise locations across the United States, and you provide each franchisee with the technology and service offerings necessary for success. How do you decide on franchisees?

When interested companies come in, we meet and kick the tires a little bit, then decide if we want to take it any further. Obviously, we’re much more excited when someone comes in and they either have a book of bids or have expertise in the industry because they start much quicker and they have a reputation we can check.

Some potential franchisees that come in can move freight, but just can’t do it real well – they don’t have the technology and they want to hire some people but they don’t know how to train them. They want instruction, and they want more structure, but still want to own their own business. So we fold them in. They’re still entrepreneurs; they just gain a lot more stability.

IL: About 20 years ago, Inbound Logistics started the Hire A Vet program. Does Blue Grace participate in any such programs?

Yes, we’re actually big in that area. I’m a military brat, so hiring veterans has always been near and dear to my heart. We give preferential treatment to vets – or seek them out – for several reasons, but most importantly, it’s the right thing to do. These men and women make excellent employees. If you give me a choice between a 25-year-old, just out of college, living at home with no responsibilities who wants to know the perks of the job, and a disciplined vet who’s also 25 years old and just came back from Afghanistan, the vet will win nine times out of 10.

We also give military veterans a discount on franchises. They make good franchisees and good operators.

IL: That helps to motivate vets. How do you give other employees roots and make them invested in what they’re doing?

You have to make things interesting for employees to keep them around, or another company will steal them away for a five-percent

raise. The most essential thing you do as an organization is get your employees into the natural flow of what they like to do. That’s especially true for the top performers because they know there are people like me who’ll hire them in a heartbeat. And they can almost write their own paycheck.

IL: Employees want to know that they’re accomplishing something. Do you think that’s particularly satisfying for people in this industry?

Yes, people in supply chain management are making companies more competitive, saving them money, helping them deliver better customer service, or analyzing a failure somewhere, and helping them work around it. What a bright future for those people who know what they want to do out of high school. They want to be supply chain wizards and they get crankin’ right out of the gate.

IL: In terms of offering practical solutions or being problem solvers, supply chain managers deal with failure every day. They get it right 98 percent of the time.

But it doesn’t matter to the other two percent.

IL: The talent gap in our industry has come to the fore recently. Many companies are bringing talent in from offshore. Others have implemented executive management programs to fast-track young talent. What’s your take?

I believe in those types of training programs. It’s just too hard to recruit, and to think we’re going to find a bunch of awesome people younger than 30 in supply chain management who are just waiting to get the next job. You’ve got to have a farm team, so what these companies are doing is a smart move.

IL: Inbound Logistics recently co-sponsored a program with the Institute for Supply Management called 30 Under 30, to showcase the rising stars in supply chain management, and set them up as an example for other people to see and follow.

I saw that. I’m going to try and hire everyone who is on that list!

IL: We get a finder’s fee for every one of them...

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NOTED

THE SUPPLY CHAIN IN BRIEF

GREEN SEEDS



▲ 3PL **Kane Is Able** improved the energy efficiency of its fleet by purchasing 30 new Kenworth T680 trucks, which received the EPA SmartWay designation and feature the fuel-efficient Paccar MX-13 engine. Selective catalytic reduction technology, combined with exhaust gas recirculation, enables the Paccar MX-13 to have near zero emissions.

Unilever became a zero-landfill company in Europe. This means that, in addition to manufacturing facilities, no waste from Unilever-owned or fully operated premises, logistics operations, distribution centers, or offices goes to landfill. The European operation is the first to meet this new target with 63 additional facilities now sending no waste to landfill. Unilever aims to become a zero-waste company globally by the end of 2015.

Bacardi U.S.A., the spirits and wine producer's U.S. distribution arm, received an EPA SmartWay Excellence Award as an industry leader in freight supply chain environmental performance and energy efficiency. Bacardi U.S.A. hauls all freight with energy-efficient SmartWay carriers, and uses battery-operated forklifts and motion-sensing lighting in its warehouses.

m&a

Transplace, a provider of transportation management services and logistics technology, acquired **M33 Integrated**, a 3PL with strength in the packaging, chemical, and advanced materials sectors. This acquisition expands Transplace's vertical expertise and geographical reach.

Asset-based logistics provider **IMC Global Solutions (IGS)**, a member of the IMC Companies family of brands, acquired **Global Shippers Association**, a home furnishings importer. This acquisition more than doubles the size of IGS.

SEALED DEALS

Sports apparel and footwear provider **Under Armour** agreed to move select products produced in Asia via **Evergreen Line**, an all-water full-container service, to the Port of Baltimore. Under Armour implemented this route change to reduce costs, congestion, and transit time, and to support its hometown port.

3M renewed its contract with **CEVA Logistics** as its preferred logistics services provider for warehouse management and distribution in Singapore, Malaysia,

and Indonesia. Under the extended collaboration, CEVA operates both 3M's regional distribution center (RDC) and national DC in Singapore, and uses its customized IT solution, Matrix Warehouse Management System, at the RDC.

LoneStar Electric Supply, a wholesale distributor of professional electrical supplies, selected the **Epicor Eclipse** wholesale distribution enterprise resource planning solution to increase business efficiency and streamline logistics processes.



▲ **LoveCrafts** selected the **Snapfulfil** SaaS warehouse management system for its expanding fulfillment operation, which supports online services for crafters. With its U.S. logistics partner already using Snapfulfil, LoveCrafts is set to implement the system in the outsourced UK fulfillment operation.

SEALED DEALS



▲ Systems integrator **Barcoding**, which specializes in supply chain efficiency, accuracy, and connectivity solutions, automated **Azteca Foods'** ability to track and trace pallets moving into its finished goods warehouse. With the barcode scanning solution, the Mexican foods manufacturer generates unique pallet identification numbers and eliminates manual data collection processes to streamline day-to-day operations.

ThaiBev, the beverage producer behind the Chang beer brand, completed a multi-site implementation of **Manhattan Associates'** warehouse management solution to support its global distribution operation. A joint team from Manhattan, ThaiBev's distributor arm Thai Beverage

Logistics, and IT infrastructure and managed services partner T.C.C. Technology delivered the project.

The Canadian division of **Sun Products**, a household care products provider, selected **LeanLogistics** to enhance transportation spend and performance visibility. LeanLogistics' technology provides daily planning, execution, and settlement functions as well as periodic strategic procurement events.

Hensley Beverage Company selected supply chain execution software provider **Softeon** to implement an integrated supply chain solution platform for its beverage distribution operations. Softeon's system provides real-time visibility across the entire supply chain, over the web, and through performance dashboards.

Royal Building Products, a manufacturer and distributor of exterior building materials for the construction market, renewed its contract with **Ryder Dedicated Transportation Solutions**. As Royal Building's supply chain partner, Ryder provides professional drivers, specialized equipment, and engineering support.

SHOVEL READY



▲ **Pacific Industrial**, a Long Beach, Calif.-based investment firm that focuses on the development and acquisition of industrial real estate, signed a lease with LG Electronics USA for a new distribution center. LG's state-of-the-art DC for consumer electronics and home appliances will occupy Building I of Pacific Industrial's 1.5-million-square-foot industrial campus known as the Sierra Pacific Center, located off the 210 Freeway and Sierra Avenue in Fontana, Calif.

Full-service real estate development company **Hunt Midwest** completed its 2015 surface business park expansion, which includes 126 acres of shovel-ready sites. The Hunt Midwest Business Center (HMBC) can accommodate up to 2 million square feet of Class A warehouse and distribution space in a prime location. Hunt Midwest offers a variety of options for companies seeking an HMBC location, including land purchase, build-to-suit, and lease options.

recognition

The Texas Motor Transport Association awarded transportation solutions provider **Dupré Logistics** first place for **Outstanding Achievement in Highway Safety** in the local delivery over 10 million miles class.

▶ **Adept Technology**, a provider of intelligent robots and autonomous mobile robot solutions and services, won a **Robotics Business Review Game Changer Award** for its Lynx autonomous intelligent vehicle with Acuity navigation. With Acuity, Lynx robots can perform applications such as work-in-progress transport in manufacturing settings and materials handling in warehouses.



Mike Duffy, president, medical products, Cardinal Health, and **Kathy Wengel**, vice president, supply chain, Johnson & Johnson, received the **2015 Thinkers & Movers Award**. Supply chain management company DSC Logistics established the award in 2009 to honor individuals whose innovative leadership has impacted supply chain thinking and practices.

Whirlpool Corporation designated **Penske Logistics** as a **Special Services Supplier of the Year** for providing exemplary contributions to Whirlpool's integrated supply chain. Penske Logistics received this honor for on-time pickups and deliveries, innovative practices, accurate invoicing, and flexibility.

The National Private Truck Council honored 18 fleet truck drivers as **National Driver All-Stars**. The award, co-sponsored by International Truck/Navistar, was presented to drivers who have demonstrated high performance standards based on customer service, safety, adherence to company standards, regulatory compliance, and community service.



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TRENDS

SHAPING THE FUTURE OF LOGISTICS

GHS: Label It a Problem

by Chris Lewis

Fewer than 50 percent of the nearly 150 supply chain professionals from internationally based chemical companies responding to Loftware Inc.'s recent *GHS Readiness Survey* have met the latest Globally Harmonized System of Classification (GHS) labeling requirements. The United Nations originally adopted the GHS in 2002 to ensure hazardous materials are safely produced, used, and disposed of.

In addition to not using proper labeling solutions, many companies lack a barcode labeling strategy, leading to fines and potential business disruptions, according to Loftware's survey. To avoid future fines, supply chain professionals in the chemical industry will need to adapt Enterprise Labeling Solutions that enable them to meet regulations, even as they consistently evolve.

"With GHS, companies face more regulations in chemical labeling than ever before," says Deborah Grant, industry manager at Portsmouth, N.H.-based Loftware. "To accommodate this new level of complexity, today's labeling must be both dynamic and data-driven to maximize flexibility, ensure accuracy without replication of data, and provide speed and scalability to meet GHS labeling standards."

Nearly 35 percent of survey respondents

acknowledge that regulatory compliance is currently the most difficult aspect of labeling. Consequently, they are interested not only in meeting labeling requirements such as barcodes, formats, and logos, but also improving the efficiency of their supply chains, which, like GHS requirements, are constantly evolving.

"Companies are recognizing the integral part that labeling plays in gaining true supply chain efficiency, achieving higher levels of customer satisfaction, maintaining business continuity, and meeting regulatory demands," notes Josh Roffman, vice president of product management at Loftware.

"Labeling solutions must be designed to meet the rigors of GHS labeling, while supporting large-scale, global deployments with numerous products and packaging variations," he adds.

SCM Tool Purchases Perk Up

Supply chain management (SCM) software tool expenditures remain a priority for logistics decision-makers, and companies intend to spend 14 percent more on SCM tools in 2016 than they did in 2015, according to Boston-based Nucleus Research's *2016 Buying Intentions Survey*.

Of the 72 supply chain leaders in North America and Europe responding to the survey, 55 percent will purchase more supply chain applications in 2016 than they did this year; while another 37 percent plan to retain their software expenditures so that they do not exceed 2015's aggregate.

Respondents also reveal their two top choices for software investment next year: supply chain planning and inventory optimization.

"Such SCM spending is driven by a number of trends, including concerns about having a steady product supply in a volatile global, digital marketplace," explains James Cooke, principal analyst, Nucleus Research. "And with corporate

pressure to control costs in activities such as warehousing and inventory, supply chain managers continue to upgrade their execution and planning applications."

To cut costs, nearly 25 percent of survey respondents say they would use their expenditures to continuously roll out applications they purchased in 2015, or to upgrade applications they have already used in the past.

The survey also finds that only 47 percent of the polled companies use cloud applications for software deployment. And, of the companies using a cloud application for supply chain tools, they often use only one type of application—transportation management, a trend that Nucleus Research anticipates will change in the future.

"Over the next five years, as more trading partners work together in the global marketplace, multinational corporations should become more inclined to adopt the cloud for advanced supply chain solutions to facilitate data exchange," Cooke says.

St. Louis: Mecca For All Modes

St. Louis, Mo., remains an epicenter for all modes of transportation, which makes it ripe for future growth opportunities, according to the recent *Southwestern Illinois Freight Transportation Study*, overseen and released by the Leadership Council Southwestern Illinois.



St. Louis undertook a survey to determine the best ways to advance the region as a multimodal hub.

The study finds that the St. Louis area's freight capabilities will increase in the coming months and years, primarily due to the area's domestic trade partners and economic expansion.

The study, which was funded through an Illinois Department of Transportation grant to the Leadership Council, and administered by Madison County, Ill., also projects that rail, truck, and intermodal shipments will rise as well; however, rail shipments will grow at a slower pace than truck or intermodal shipments.

Outbound freight is anticipated to increase faster than inbound shipments because the area currently produces more outbound intermodal freight than inbound intermodal cargo.

Meanwhile, the St. Louis area anticipates more than \$700 million in bridge, port, rail, and roadway investments over the next five years—funds that will follow the \$100 million that was already spent on bridge and roadway repairs in Madison and St. Clair counties.

"The study was primarily undertaken to determine the best ways to advance the St. Louis region as a premier multimodal

hub, based on anticipated growth in the freight industry," says Mark Harms, chair of the council's transportation enhancement committee.

"The findings will help us better understand how certain advantages position our region in a highly competitive freight marketplace, while also identifying opportunities to build on those advantages in the future," he adds.

3PL CEOs See Future Growth

For nearly six years, large-scale acquisitions were few and far between within the third-party logistics (3PL) industry, due to the aftermath of 2008's global recession. Recent months have shown signs of continuous economic recovery, however. In that time, 10 major 3PL acquisitions comprising \$18 billion have occurred.

As a result, 3PL CEOs are once again gaining confidence in the industry's growth potential, reveal the *22nd Annual Surveys of Third-Party Logistics Provider CEOs*, sponsored by Penske Logistics, Reading, Pa.

Of the 30 3PLs surveyed in North America, Asia Pacific, and Europe,

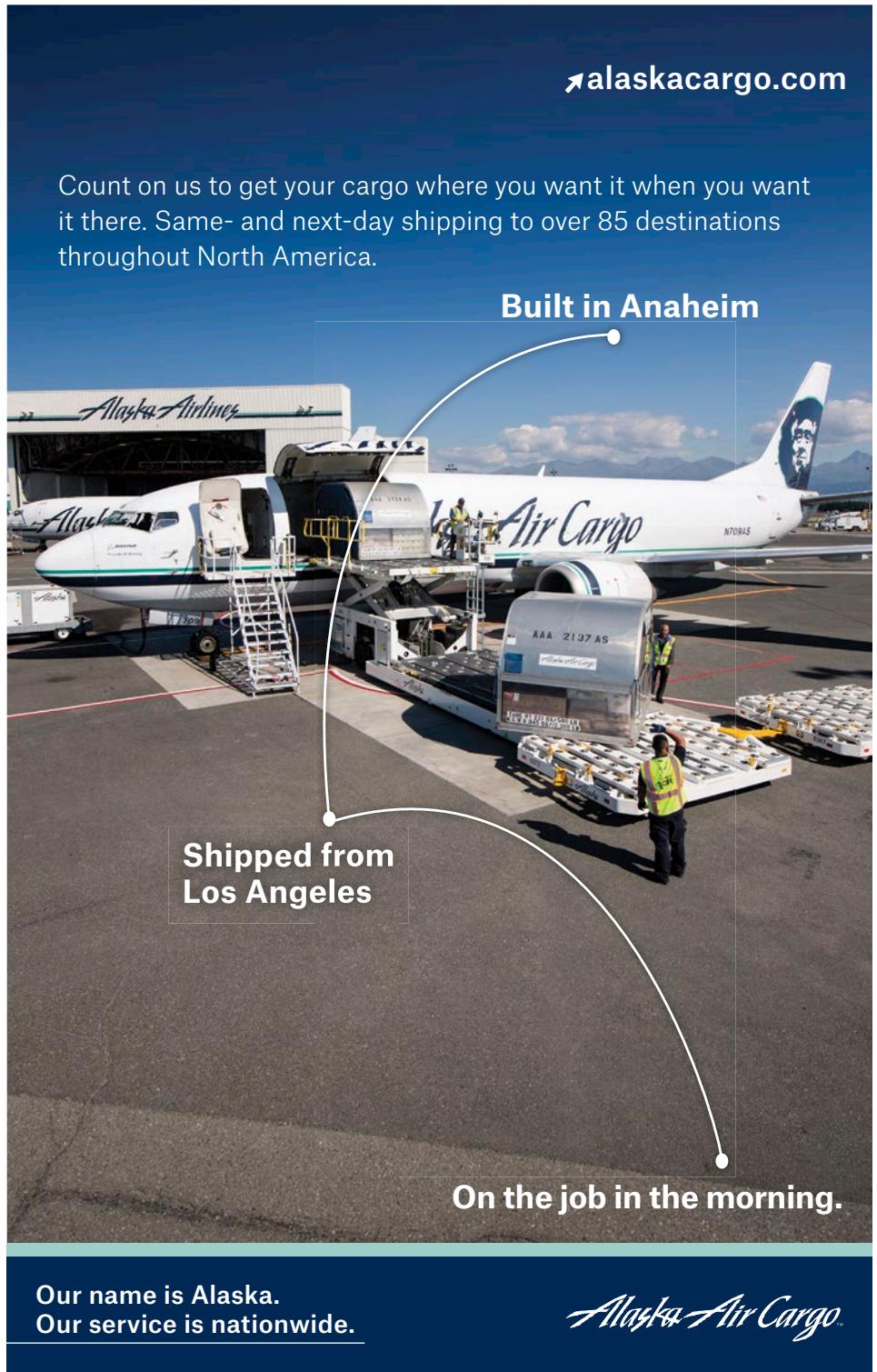
80 percent report profit gains in 2014. In fact, the 30 companies' total revenue exceeded \$40 billion. North American CEOs project their companies' revenues will increase by 7.86 percent, on average, over the next three years; 6.54 percent of which will originate from merger and acquisition activity as the industry restructures considerably in a variety of markets.

3PL CEOs are also focused on e-commerce. Currently, e-commerce comprises 11.9 percent of North American 3PL revenues, and CEOs anticipate this aggregate will rise to nearly 21 percent by 2019.

North American CEOs cite two other issues affecting the industry: oil prices and the driver shortage. Eighty percent of surveyed CEOs say the oil price decline is positively influencing customers. But the driver shortage is hindering the industry; 26 percent of CEO respondents say the shortages continue to impact 3PLs throughout the world.

"The driver shortage is here, is real, and is not going away," says Joe Carlier, senior vice president of global sales at Penske Logistics. "The global projections included in the surveys mirror our business climate. E-commerce is having an effect on our customers and many verticals are focusing on omni-channel."

"The 3PL industry is clearly in a consolidation phase," adds survey author Dr. Robert Lieb, professor of supply chain management at Northeastern University's D'Amore-McKim School of Business. "And it will fundamentally change the competitive dynamics in many markets for logistics services around the world." ■



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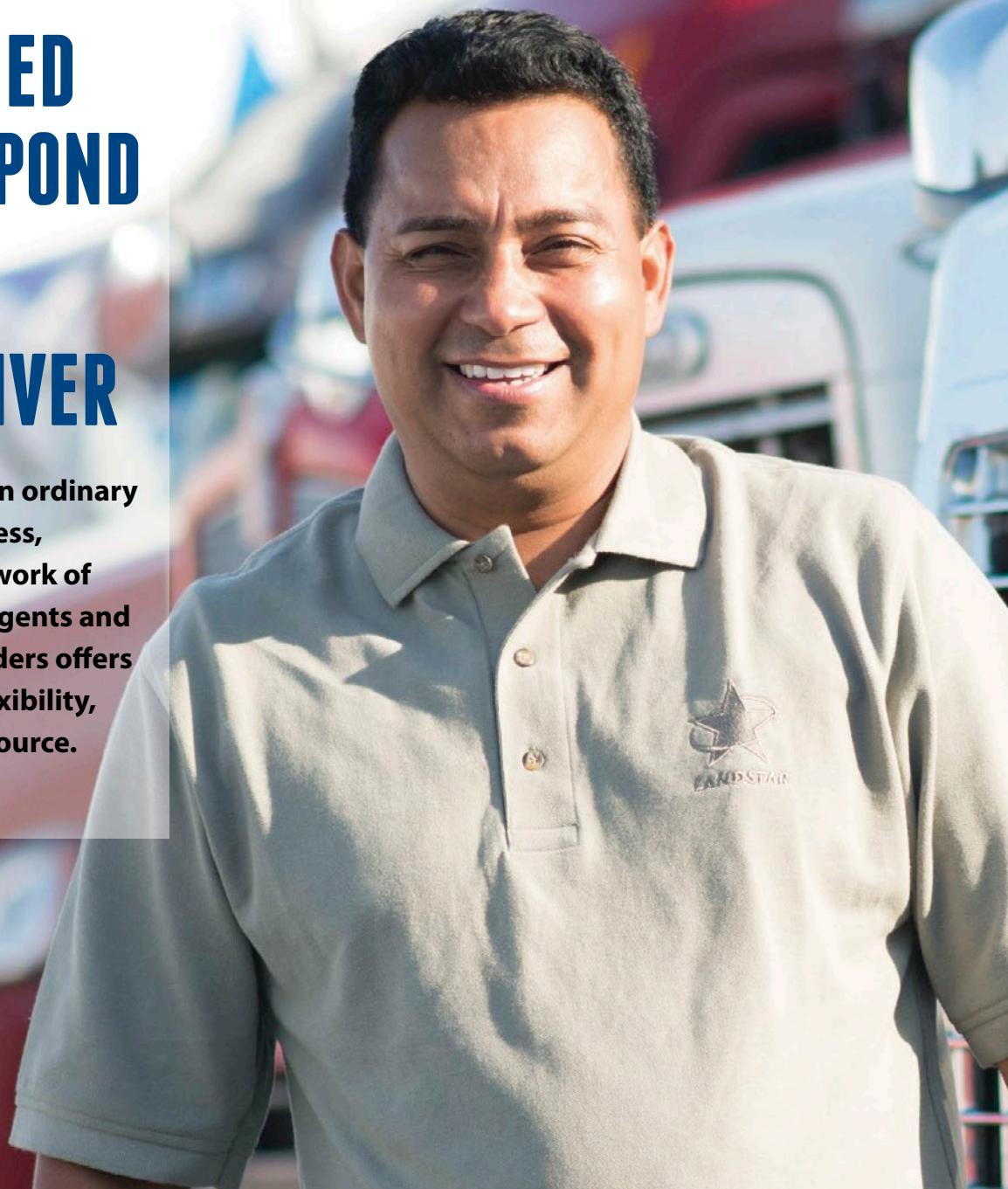
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GLOBAL

THE WORLD AT A GLANCE



Refugees Displace EU Supply Chain

In many cases, even under the best circumstances, border crossings can be rife with paperwork, passports, and delays. But Europe has streamlined the process, with free and open border crossings between most of its member states that eliminate many of these hassles. That is, until recently.

More than nine million refugees have been displaced from their homes in Syria since the civil war began in March 2011, with more than three million fleeing Syria altogether, according to the United Nations High Commissioner for Refugees. More than 150,000 of these refugees have sought asylum within the European Union (EU), with tens of thousands more expected to follow in the coming months. Even more refugees are flowing into the EU as they flee ISIS in Iraq, adding to the smaller but steady stream of people leaving war-torn areas such as Afghanistan and Sudan.

With thousands of displaced foreigners desperately crowding European borders in an attempt to reach countries where aid, living space, and jobs are available, many governments are reinstating identity checks and other policies made to restrict free border crossings. Previously, what is known as the Schengen area allowed free travel between 26 EU mainland states, but many countries have begun monitoring their borders again, and those involved in Europe's supply chain are feeling those delays.

"We are experiencing delays for all our trucks. It is the same thing for everyone

in the industry," Cora Buegenburg, operations manager at German-owned transport company Allgeier Translog, told *Business Insider*.

This is happening at a time when increased trade has already strained capacity for European trucking companies. The EU also suffers from a driver shortage even larger than the one plaguing the United States. With capacity already near its limit, haulage companies are forced to raise their rates to compensate.

Lengthy traffic jams are now the norm in many areas where border checks have been set up to control the flow of people moving between countries. Things are finally starting to settle down in Calais, France, where refugees have tried through most of summer 2015 to jump into trains and trucks heading into the

United Kingdom, often leading to accidental death.

Hungary has closed its borders to Serbia and Croatia, even building a 41-mile barbed-wire fence along the Croatia border. Austria, Germany, and Slovakia have imposed border checks resulting in delays for haulers, and Poland and the Netherlands are considering doing the same. With no end in sight for the Syrian civil war or the ISIS conflict in Syria and Iraq, don't expect the impact on trade to end any time soon.

"In an industry with very thin margins, these additional costs are not sustainable in the long run," said Sebastiaan Scholte,

CEO of Jan de Rijk Logistics, in a public statement. Jan de Rijk and many other carriers are being forced to pass on additional waiting time fees to their shipper customers.

The air transport industry is trying to fill the demand and help shippers avoid costly supply chain disruptions. Time-critical logistics providers are expanding their available capacity through new charter relationships and additional equipment, so that shippers who can't afford for their cargo to wait in border lines will still be able to get their cargo to its destination on time.

"Europe and the rest of the world have to solve this situation. First of all, from a humanitarian point of view, it is our moral obligation to help solve this situation together," said Scholte. "Secondly, these problems are also adding cost to the transport of goods."

That added cost means that European manufacturers and distributors become less competitive with their U.S. and Asian counterparts. With the world just coming out of a recession, many companies can't afford to switch to air or pay extra to move shipments for any extended period.

While the humanitarian needs of refugees must come first, shippers and providers are hoping that European legislators will also keep in mind that there are secondary consequences to the border closings and delays. Legislators must be prepared to streamline border operations between countries if Europe is to maintain its global trade competitiveness.

— Jason McDowell

The UK Brings It Home

While alternative delivery options, such as click and collect, are making an impact on traditional home delivery methods in the United Kingdom, they still have some catching up to do.

More than 80 percent of all deliveries are destined for a home address, according to shippers responding to the 2015 edition of Triangle Management Services' *UK Domestic B2C Express Parcels Distribution Survey*, where shippers rate and compare 12 carriers offering UK domestic home delivery services.

The closest rival to home delivery is a work address, which accounts for 14 percent of all deliveries. In-store click and collect (about one percent) and parcel shops and parcel lockers (less than one percent combined) lag far behind.

Carriers that deliver the greatest percentage of parcels to homes are Yodel and Hermes (both at 90 percent), and Royal Mail (87 percent). Carriers that deliver a greater percentage via alternative solutions are DPD (four percent) and APC Overnight (three percent).

The home is also at the heart of the returns picture. More than half the shippers interviewed (51 percent, up 10 percent over 2014) say that consumers prefer to return items directly from a home pickup by the designated delivery carrier, while 35 percent (down eight percent from 2014) indicate collection via the nearest post office.

Although alternative delivery methods are used more for returns than for deliveries, they are still uncommon. Only four percent of shippers (unchanged from 2014) say they receive in-store returns, and three percent (up one percent) indicate they handle returns via parcel shops.



Yodel delivers millions of parcels weekly to every region across the UK.

Looking Forward To the Future

Small and mid-sized freight forwarders need to tap into the potential of innovative new technologies if they hope to remain competitive with logistics giants, according to *The Future of Logistics – What Does the Future Hold for Freight Forwarders?*, a new whitepaper published by Transport Intelligence in association with technology provider Kewill. As recent acquisitions illustrate, large forwarders are increasing their scale, not only to leverage their buying power and geographic scope, but also to develop their range of services, especially those that add value and increase margin.

Small and mid-sized independent freight forwarders need to evolve if they are to compete effectively. Not only will they have to become smarter and more efficient – in an environment where manual data entry is still widespread – but they will have to enhance their commoditized

offerings. For some, this means developing their levels of expertise in niche sectors in order to differentiate their services. Others will evolve from pure forwarders to fully developed logistics providers, increasingly serving shippers with integrated logistics services. The technology systems they offer will be critical to their customer proposition.

What does this mean in terms of technology requirements? At the small to mid-sized forwarder level, technology solutions will need to be quick and easy to implement, providing much higher levels of end-to-end visibility. At the other end of the spectrum, logistics giants will also need to adopt cloud solutions that remove the need for huge internal support functions. These solutions will require the capability of adding broader logistics services as and when required.

So who will win out in this battle between the independent forwarders and the logistics giants? It is clear that scale can help, but it can also hinder agility and the implementation of innovative technology solutions. For “independents” to prosper, however, they will need to become smarter in order to succeed, grow, and lock in customers. This means that they must exploit the opportunities that the democratization of technology has brought about, as well as use the experience, expertise, and decision-making capabilities of their greatest assets – their employees.



Large forwarders are moving to cloud solutions, eliminating the need for huge internal support functions.



Ocean freight rates for cargo moving under contracts on the major East-West trade routes have seen a sharp reduction since the beginning of 2015.

East-West Shippers See Sharp Decline in Contract Rates

A combination of lower fuel costs, excess vessel capacity, and intensive competition between shipping lines has led to a dramatic reduction in ocean freight rates for cargo moving under contracts on the major East-West routes, according to Drewry’s Benchmarking Club, a closed user group of multinational retailers and

manufacturers who closely monitor their contract freight rates.

The Drewry Benchmarking Club contract rate index, based on Trans Pacific and Asia-Europe contract freight rate data provided confidentially by shippers, declined by seven percent between May and August 2015, the steepest fall since

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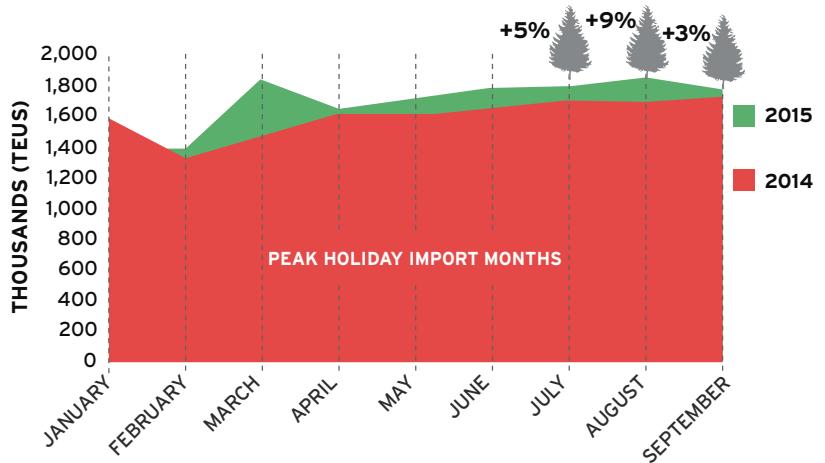
the Benchmarking Club was established in March 2014. Bunker costs have fallen notably since the fourth quarter of 2014, reducing negotiated contract rates since the first quarter of 2015.

Prior to this, there was some strengthening in Asia-Europe contract rates agreed at the end of 2014 when market conditions were stronger. As the spot market has weakened and bunker surcharges fallen, however, contract rate levels have since deteriorated. Some of the fall in contract rates was the result of carriers granting shippers temporary reductions in contract rates to secure cargo. As a result, the Drewry Benchmarking Club contract rate index declined five percent in the 12 months leading up to August 2015.

“We expect contract rates to drop further through the remainder of this year, given falling fuel costs and continued overcapacity,” says Philip Damas, director of Drewry Supply Chain Advisors. []

U.S. Holiday Imports: Ho, Ho, Holy Cow! (2014 vs. 2015)

Retailers are gearing up for what could be a mega shopping season. Note the increase in imports during peak holiday season.



Source: Zepol Corporation, www.zepol.com

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What Trends are Shaping the Global Air Freight Market?

New research by SandlerResearch.org has predicted that the worldwide air cargo logistics market will experience a 5.97% compounded annual growth rate (CAGR) from 2014 to 2019. Increased research into this market is welcome, but this report attributes most of the annual growth to an increase in online retail store sales.

Consumers are ordering more products online. They want their purchases as soon as possible and are willing to pay a premium to get them quickly. As air transport is the fastest mode for consumable products, the market has seen some growth due to online sales, but this is hardly the only trend playing out in air cargo logistics.

It is true that certain products such as designer fashions and accessories, as well as high-end electronics and parts, make up a good percentage of air cargo. These are very time-sensitive and therefore well suited to air transport but this has been the reality for some time now.

More to the point, as certain geographic markets and therefore air cargo lanes mature, air service starts to become a commodity. Logistics companies begin to realize smaller margins and they must look harder for benefits that add higher value to their service offerings. In the examples of high-end fashion and electronics, these luxury goods are not only attractive to end-users, they are also cherished by thieves.

Security issues for high-end manufacturers are very important, therefore another trend is that logistics companies are working more closely with their customers, taking time to learn and understand their production and supply chain processes to ensure that their products arrive on time and undamaged. Every step and every process has to be reviewed to minimize loss. Every customer has different processes. Every customer has different needs. As their logistics provider, we have to work with them on a

custom solution that best fits their exacting requirements.

In some cases, the logistics provider will supplement commercial lift provided by carriers with a dedicated flight operation that puts the logistics provider in control of the routing and capacity. This allows for a more customized solution for shippers to address their security demands and quality processes. In the case of the pharmaceutical industry, the provider can offer temperature-controlled solutions. For customers with special handling requirements or expedited needs, this represents a great alternative to using commercial carriers.

Another trend is the creation of dealer-direct-ship programs that allow customers to bulk ship into a hub location. From there, product is distributed directly from the point of entry to various final points of delivery (dealers, retailers and end-consumers), by-passing the need for distribution centers, and saving time and handling fees. These programs originated in the automotive industry and are now an established component of supply chain options for other vertical markets such as electronics and e-commerce.

As the world economy slows, so too do certain mature air cargo lanes. Although routes from the Americas to Europe will remain steady or may slow, there are increasing opportunities in the Asia Pacific region.

The TransPacific Partnership Agreement is still to be ratified but free trade agreements benefit the logistics market in general and the air cargo market along with it. With freer trade comes the need for more timely air traffic.

There are many trends shaping the air cargo industry. The key differentiator when selecting the right air logistics supplier is their willingness to work with you to come up with the best solution that suits your needs and those of your end customers.



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How to Implement a Successful Retail Omni-Channel Logistics Operation in Asia Pacific

FOR ANY U.S.-BASED COMPANY INTERESTED IN EXPANDING RETAIL LOGISTICS OPERATIONS OUTSIDE OF THE COUNTRY, Asia Pacific may be the most ideal location. Not only does the region offer more than 4.3 billion potential new customers, but the American brand remains highly popular among its residents.

To access these buyers, companies should first focus on their retail brick-and-mortar stores and/or B2B channels by establishing a physical presence and penetrating into the region prior to becoming involved with e-commerce and launching B2C initiatives.

By building physical infrastructures, company brands will become more familiar to local customers early on. In addition, companies will already have their items imported and stored at their factories, offices, or shops, so they are prepared in advance for online orders.

Shortly after creating their own websites, companies should also consider plugging into local, online marketplace platforms such as Tmall.com, a retail website with 500 million users, comprising more than half of China's B2C market alone.

As companies market their products and services, and grow their businesses in the region, they should ensure they have as much visibility into their inventory as they have into their shipments — to the point in which they are receiving real-time data and updates as if they were located in the United States.

Through visibility, companies can remove the barriers to entry into new markets, and have complete transparency into information concerning their costs, expansion, and inventory. In doing so, they will have the ability to scale out and integrate their e-commerce sites with their enterprise resource planning — a key component to successfully implementing a new retail logistics operation in Asia Pacific.

There is no doubt about it; omni-channel logistics can be downright challenging, especially in an overseas region. But, by focusing on B2B beforehand, and then establishing visibility into their inventory and shipments, companies can diversify their portfolios and compete in the global economy long term.



HONG KONG AND CHINA: BUSINESS AND E-COMMERCE MECCAS

Companies planning an expansion into Asia Pacific for the first time should consider establishing their infrastructures in Hong Kong and increasing their B2C capabilities in China, as the nations offer a variety of benefits:

- **FREE PORT.** The Port of Hong Kong can be accessed completely free of charge, unlike most other Asia Pacific countries, so companies can import and export at any time without any barriers.
- **E-COMMERCE IS BOOMING.** China's e-commerce market is anticipated to be valued between \$420 billion and \$650 billion by 2020.

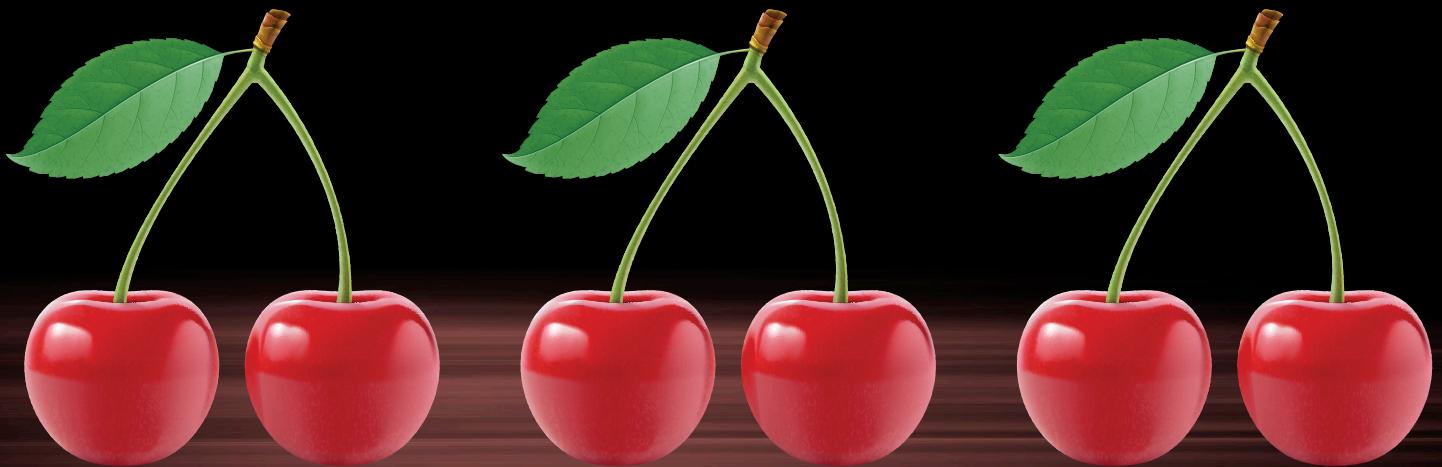
And, Chinese consumers currently spend 25 percent more time on the Web than U.S. consumers.

- **A SURGING MARKETPLACE.** China is an ideal location for companies looking to expand market share and B2C capabilities. Currently, 90 percent of China's market share is occupied by marketplaces. And, by 2017, 52 percent of China's retail market will be B2C.
- **THE GATEWAY.** Due to its location near China, Hong Kong is viewed as the gateway to Asia Pacific, as countries such as Japan, Malaysia, Singapore, and Thailand frequently access it for domestic trade.

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BY CYNTHIA BERGMANN
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Alleviating Gridlock: A Chicago Case Study

To improve the flow of rail operations in the Chicago area, Amtrak CEO Joseph Boardman tasked Amtrak's Gateway Blue Ribbon panel with examining rail congestion in Chicago and offering recommendations to improve traffic flow and alleviate gridlock.

The panel derived its recommendations from extensive interviews with freight and passenger rails; federal, state, and local government officials; and transportation policy experts.

Recognizing that Chicago is always only one snowstorm away from gridlock, the panel made a number of suggestions to improve infrastructure.

Fewer Delays and Less Congestion

Highest on the panel's list is the completion of two Chicago Region Environmental and Transportation Efficiency (CREATE) program initiative projects that were proposed, but never funded. These include the construction of flyovers and additional tracks in the 75th Street corridor region and the Grand Crossing area, which could have a dramatic impact on reducing freight and passenger delays in the Chicago district.

The panel also supports constructing a separate passenger rail corridor between Chicago and Porter, Ind., to

complete the last segment of a high-speed rail corridor between Detroit and Chicago, and to relieve congestion for the 90 or more freight trains that pass through this area daily.

Improving Traffic Flow

In addition to increased infrastructure investment, the panel suggests a number of operational improvements. Key among them is creating a centralized dispatch center in Chicago. While it is not likely any of the Class I railroads will willingly relinquish control of train dispatching along their routes, this proposal appears to endorse a more modest approach. The proposal suggests creating a centralized dispatching location for all freight and passenger railroads in Chicago. This will allow for better coordination among dispatchers when inevitable problems grind traffic to a halt.

The real-time information flow and improved interaction that will follow from a centralized dispatching location should result in fewer bottlenecks

in the Chicago rail network.

Finally, the panel calls for Amtrak and the freight railroads to continue improving their operational performance, expanding the RRIF Loan program to fund some of these improvements, and developing a more streamlined, coordinated approach to the environmental review process that must take place before implementing any infrastructure work.

The panel's report demands action by all stakeholders in the Chicago rail network, and its members hope that, by drawing attention to the crisis, they will spur action to resolve the gridlock.

Long Overdue Updates

Much of Chicago's rail infrastructure dates back to the 19th century and is still in use today. It is long past time to create a modern rail infrastructure to support a modern economy.

Unfortunately, this report proposes improvements that come with a multi-billion-dollar price tag—a tough hurdle to overcome in an era of government budget cuts. According to the panel's findings, however, the cost of not going forward with these improvements will burden the economy with many billions of dollars more in freight and passenger delay and congestion costs. ■



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[IT MATTERS]

BY BRENT DABOUB

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Why Parcel Sorting Automation Can't Wait

Shoppers have embraced e-commerce, and, for retailers, it has been a boon. The volume of products that people are buying online is skyrocketing. U.S. retail e-commerce sales for the second quarter of 2015 totaled nearly \$84 billion, an increase of 14.1 percent from the same period in 2014, according to the Department of Commerce's Census Bureau.

For shippers, the rapid rise in e-commerce has been a mixed blessing. While increased shipping volumes mean greater revenues, many shippers have been caught flat-footed by the dynamic changes in the marketplace, leading to more than a few missteps and missed opportunities.

Not only are companies handling more parcels, they are also doing so with customers increasingly expecting faster shipments.

To address these issues of speed and volume, many shippers have turned to a solution they've leaned on in the past: adding staff for parcel sorting. But that simply may not be enough anymore. It only increases the opportunity for error and is far from a long-term answer. In 2015, the better solution is automation.

Why Automation?

Automation in parcel sorting can bring four distinct advantages that not only help shippers process an increasing load of parcels more quickly, but

can also provide company executives data they need to improve efficiencies and lower costs.

1. Accuracy. Hand sorting can introduce errors into the sorting process. That means packages may get misrouted, and those kinds of mistakes affect delivery times and customer satisfaction.

2. Better traceability. The benefit here is twofold. First, customers want to know where their packages are in the shipping process. Second, knowing when a package gets from Point A to Point B gives shippers data about operational efficiency.

3. Improved operations. Shippers can use the data collected from making packages traceable in conjunction with analytics software to smooth an operation's rough edges. With the ability to know where packages are and when, shippers can precisely plan equipment use and staffing.

4. Shift to a distributed sorting model. The traditional hub-and-spoke model can be inefficient. It can add

both cost and delivery time to a process that needs to become faster if it's going to handle e-commerce requirements. By installing smaller and faster equipment at all regional sites, companies can shift to a distributed sorting model.

Why Now?

If shippers are going to have a conversation about automation—and, clearly, they should—now is the time to do it. It's time for frank talk and real analysis of your holiday season performance. What do you handle well? Where are the difficulties? What could you improve?

Having those conversations and embracing the need for automation can lead to fewer misrouted packages, disappointed customers, and frustrated clients.

What Embracing Automation Looks Like

Transitioning to automation doesn't necessarily mean a rip and replace of all existing equipment. You can approach it strategically.

As companies look to shift away from hub-and-spoke models, one good place to start can be to automate parcel sorting at local and regional distribution centers. In the past, the volumes at such centers may not have justified automation. But as e-commerce continues to surge, the case for automation is now too compelling to ignore. ■

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REVERSE LOGISTICS

BY HOWARD ROSENBERG

CEO and Co-Founder, B-Stock Solutions
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Don't Just Liquidate, Seek Scalable Solutions

Relaxed return policies create a competitive advantage for retailers but can wreak havoc on reverse logistics. Each year, consumers return hundreds of billions of dollars in merchandise, most of which can't go back on the shelf due to diminished item condition, damaged packaging, or product obsolescence.

No matter the reason, that's a significant amount of idle inventory taking up backroom or warehouse space. In today's intensely competitive retail environment, this can translate to profit loss, heightening the importance of maximizing efficiency and return across all areas of the supply chain.

Reducing internal costs in reverse logistics handling of returned merchandise is a critical piece of that puzzle.

By getting smart about the secondary market and looking beyond traditional liquidation methods, you can create a sophisticated, scalable solution that optimizes your monetization of customer returns and other excess inventory.

Let's first look at why conventional methods for dealing with customer returns and excess inventory are—like the inventory itself—obsolete. Reactive approaches and traditional liquidation programs have resulted in billions of dollars lost. Consider these drawbacks:

- If you've historically sold your inventory to one or two liquidation partners, the chances you are selling to the buyer willing to pay the most (and you

are getting their actual maximum willingness to pay) is zero.

- Selling directly to a liquidator can mean a lack of control over who is eventually buying your inventory and how your brand enters the secondary market.

- Time spent negotiating deals for every lot you have to sell takes you away from more strategic activities.

How can you update your reverse logistics program? What does a successful and sophisticated solution for customer returns and other excess inventory look like? Here are some suggestions to help you achieve maximum efficiency and return:

- **Automate.** A web-based auction solution makes it easier for thousands of buyers to compete for your inventory. What's more, operating your own liquidation marketplace means building a strategic asset that will benefit you for years to come. A marketplace is a strategic asset not only for the liquidity it provides, but also for the pricing and market intelligence you get from knowing precisely what buyers are willing to pay.

- **Target the right buyers.** More buyers result in increased competition and higher prices, but having the "right buyers" can increase prices by triple digits. Consider segmenting buyers by product category, condition code, and ability to participate.

- **Take control.** Retaining control over who is able to buy your returned and excess inventory, and how your brand enters the secondary market, is a must. By selling to a liquidator you lose control of downstream sales because you can't take immediate action against your one or two buyers without jeopardizing your business.

- **Establish a direct channel to buyers.** While returned and excess inventory might have little value inside your company, it has substantial value to secondary market buyers. Selling directly to business buyers who compete for your inventory will help drive liquidation prices up versus having a single buyer negotiate them down.

- **Reassess your reverse logistics plan for customer returns and excess inventory.** A few margin points can mean the difference between competing effectively and losing money. Looking beyond traditional methods and approaching obsolete merchandise as an opportunity (versus a headache) can significantly impact your overall business margin. ■

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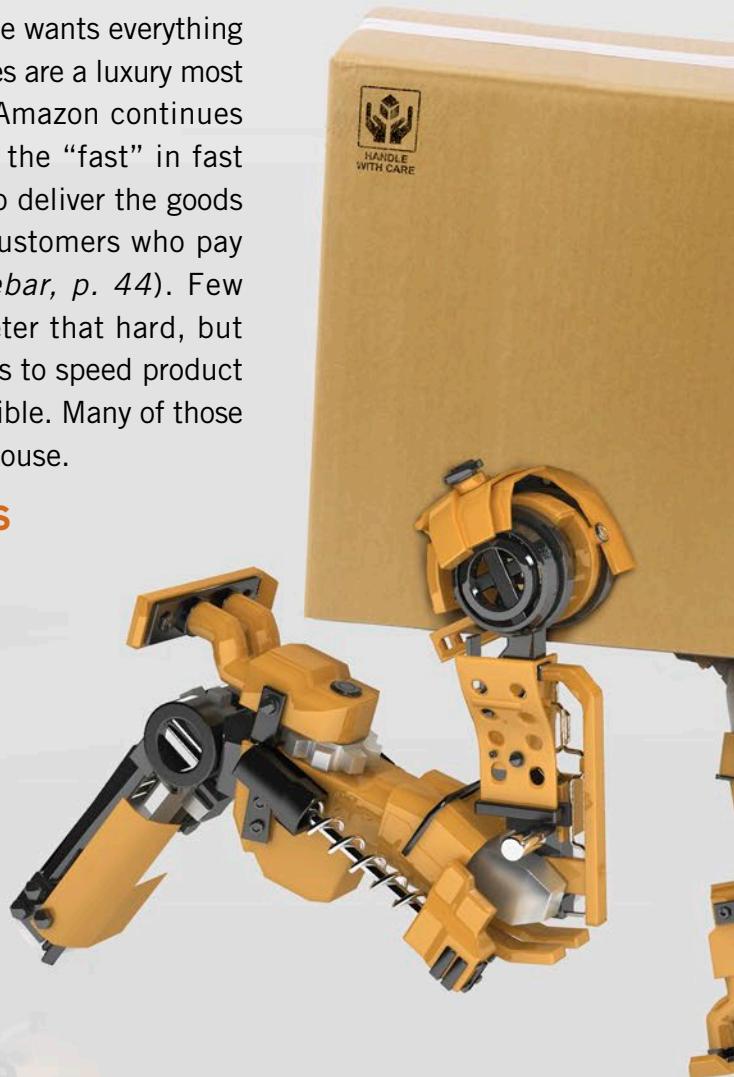
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FULFILLMENT



In a world where everyone wants everything yesterday, long lead times are a luxury most shippers can't afford. Amazon continues to set the standard for the "fast" in fast fulfillment, promising to deliver the goods in as little as one hour to customers who pay for the privilege (see sidebar, p. 44). Few companies push the odometer that hard, but many are deploying strategies to speed product to customers as soon as possible. Many of those strategies begin in the warehouse.

BY MERRILL DOUGLAS





Warburtons delivers its bakery products to 18,500 retail customers each week. Route optimization software keeps deliveries moving quickly and ensures product stays fresh for customers.

Here's a look at what some shippers are doing to turbocharge their fulfillment operations.

Warburtons: Fresh Baked and Fast Moving

When your product emerges hot from the oven each day, speed to market is crucial. That's why Warburtons, the United Kingdom's largest bakery brand, uses route optimization and vehicle tracking technology to ensure its products arrive on customers' store shelves according to schedule.

"We have a fast-moving supply chain," says Jim Norton, distribution planning manager at Warburtons in Bolton, U.K. "To produce products that are fresh for customers the next day, we have to start manufacturing before orders are confirmed, which results in a dynamic route to market."

On-time delivery is a critical customer service metric for Warburtons. "We have to get product on the shelves before people want to buy it," Norton says.

Warburtons' distribution network encompasses 24 locations across England and Scotland; 11 of those are production facilities with distribution centers (DCs) attached. The other 13 are freestanding DCs. Warburtons' trucks move product among the facilities, and from the DCs to customers' retail stores.

Since 2005, Warburtons has used Paragon Software Systems' *Multi-Depot* optimization software to plan efficient delivery routes. (Paragon is based in Dorking, U.K., with a U.S. office in Frisco, Texas.) In 2011, Warburtons began installing GPS-based tracking and communications units from Navman Wireless, Glenview, Ill., on its 800 trucks. Paragon's *Fleet Controller* software connects the Navman units to the route optimization system, letting managers see how well drivers are following their routes and hitting their delivery targets.

The software resides on a server in Warburtons' headquarters. Managers there and in the DC use the technology to monitor the progress of deliveries in real time. When a problem occurs, this visibility allows for an immediate response.

"If we're suffering delays, we might choose to reroute a driver," Norton says. If a truck breaks down, a manager can dispatch other drivers in the area to pick up its product and make its deliveries. "In the past, we probably would have waited until the vehicles

came back to the depot before sending them out again," he adds.

Data from the Navman units helps Warburtons design better delivery routes for the future. "We can easily transfer all the data we collect to our strategic Paragon system for off-line planning — what-ifs and other kinds of scenarios," Norton says.

Warburtons finished rolling out the Navman system to its entire fleet in 2014. Working in conjunction with Paragon's software, the onboard units have helped the company fulfill customers' orders faster and more efficiently. "We've improved on-time delivery over the past year by between five and 10 percent," Norton says.

MSC Industrial Supply: Outside the Box on Boxes

MSC Industrial Supply puts such a premium on speed, it promises same-day shipping on all orders placed by 8 p.m. EST.

With that guarantee, fast operations are crucial for MSC, a distributor of products for metalworking and maintenance, repair, and operations (MRO), based in Melville, N.Y. Among its fast-fulfillment strategies is an automated packaging optimization solution, which MSC implemented in 2011 in one of its DCs near Harrisburg, Pa.

MSC sells nearly one million stockkeeping units (SKUs), which makes packaging a challenge. When packing an order, an associate used to choose from among approximately 27 different box



An automated packaging optimization system lets MSC Industrial promise same-day shipping for orders placed the previous night.

sizes. Box size matters because carriers price package shipments by dimension as well as weight.

“We had a huge baker’s cart with all the different box sizes,” recalls Jeff Reagan, MSC’s vice president of supply chain engineering and acquisition integration. Choosing the right box was a matter of trial and error. Once associates made a decision and packed the product, they performed several other steps — inserting marketing materials and a comment card, adding dunnage, sealing the box, and printing and attaching a packing slip.

Hoping to boost productivity, better protect its product in transit, and reduce dunnage, MSC worked with its supply chain consultant, Fortna, based in West Reading, Pa., and the French warehouse automation company Savoye. Together, they developed a custom-made, automated packaging system.

Today, a packer chooses from among just six styles of half-box — small, medium, or large, and either short or tall. With the product inside, the box moves on a conveyor to a sorting system, which sends small boxes in one direction, medium ones in a second, and large ones in a third.

From there, machines scan a barcode on each box to get details about the order, add collateral and one air pillow, cut the box to the precise height needed, and then add and adhere a carton top. “When the box comes out the other side, the system does a top application of the shipping label and a side or top application of the packing slip,” Reagan says.

The system has boosted packaging productivity by 10 percent or more, Reagan says.

Sunstar: Throughput Automation Shines

Cutting fulfillment time was an important goal when Sunstar, a manufacturer of oral care and dental supply products, worked with Numina Group to automate a new manufacturing and distribution facility in Schaumburg, Ill.

The DC went live in July 2015, says Dan Hanrahan, chief operating officer of Numina Group, in Woodridge, Ill.

Among other components, the automation solution that Numina Group designed and implemented for Sunstar includes: voice-directed picking; hands-free barcode scanning; an automated conveyor system; barcode-based order routing; and in-line systems for weighing packed cartons, checking their dimensions, and printing and applying labels. The system uses Numina’s warehouse execution and control software (WCS), the *Real-time Distribution System*, to connect the materials handling equipment to warehouse management software within Sunstar’s enterprise resource planning system.

That warehouse management module was good at keeping track of inventory. “But Sunstar didn’t have sophisticated picking automation,” Hanrahan says.

For example, after picking many individual items for an order, a worker used to carry a full tote to a packing station. There, a packer would determine the best-sized shipping carton to use, and then figure out how to fit a mix of cartons and single items into that box.

Today, the WCS releases waves of orders to a voice-directed picking system, which tells the picker what products to retrieve, from which locations. It also chooses the best-sized shipping carton, and instructs the operator on how to pick items directly to that



This Numina Group system prints shipping labels and applies them to cartons as they pass underneath on the conveyor.

box, as a conveyor routes the carton from pick zone to pick zone.

Next, a conveyor takes the carton through an in-line scanning and weighing system. That technology confirms that the order is correct, based on its weight. When the carton moves to the packing area, an operator inserts a packing slip, plus dunnage, if needed. Another in-line weighing and dimensioning system captures data needed to print a shipping manifest, and the carton is ready to go.

Automation in the new facility has cut the time it takes to process orders in half. “Sunstar is doing 100 percent additional throughput with equal labor,” Hanrahan says.

Fetch Robotics: Optimizing Human Power

One of the more striking variations on warehouse automation is the robot. Amazon placed a big bet on robots in 2012 when it acquired manufacturer Kiva Systems, renaming the new business unit Amazon Robotics. Amazon uses Kiva robots to transport racks of merchandise to human pickers, speeding operations in the e-commerce giant’s fulfillment centers.

Among other companies looking to deploy autonomous mobile machines for fast fulfillment is Fetch Robotics, based in San Jose, Calif. Fetch is working with several potential customers to test two models, named “Freight” and “Fetch.”

The units are designed, in part, to cut the time pickers spend



A Fetch Robotics robot picks an item from a shelf.

walking back and forth in a warehouse. “When workers are taking goods from one place in the warehouse to somewhere else, they’re underutilized,” says Melonee Wise, CEO of Fetch Robotics. Robots let human workers concentrate on more valuable tasks.

In one application, called *Follow Pick*, Freight follows human pickers equipped with an electronic or paper pick list. Freight carries a tote, which the pickers fill with product. “Once they’re done with the pick, they can send that robot away, and a new robot will be automatically deployed to them,” Wise says.

In the second solution, *Fetch and Freight*, a warehouse deploys a team of Fetch robots to pick items, each within a certain zone. Freight robots move among them, collecting filled totes. “The robot knows what it’s supposed to be picking, and does it 24/7,” Wise says.

Because a machine doesn’t take lunch or bathroom breaks, it can do 90 minutes more work per shift than a human picker. And robot sidekicks make human workers more productive. “People using the robots are not getting as fatigued, because they’re not walking six miles every day,” Wise says.

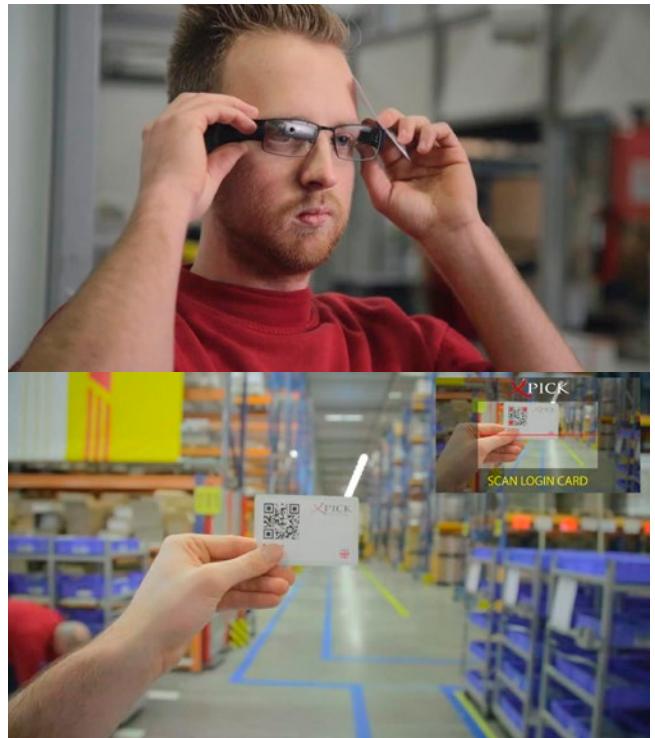
Fetch and Freight use a different technology to navigate around a warehouse than do their counterparts at Amazon. The Amazon robots find their way by reading barcoded stickers placed in a grid across the floor. Fetch Robotics uses active sensing. “We sense the walls, the shelves, and the entire environment,” Wise says. “Then we build a map to navigate through that environment.” Fetch Robotics designed its robots to work with as little physical modification to the warehouse as possible, she adds.

Potential customers have been testing the robots in manufacturing and fulfillment operations. The tests haven’t gone on long enough to provide solid data, but Wise predicts that Fetch and Freight will make operations significantly faster. “We hope to see a 30- to 40-percent bump in throughput,” she says.

Exel: Visionary Picking

At third-party logistics services company (3PL) Exel, the desire for speed might point to a new generation of wearable warehouse technology.

In 2015, Exel’s parent company, DHL, conducted a test of “vision picking” at a DC in the Netherlands, which DHL operates



Exel is testing vision picking, which enables hands-free order picking, is easy to learn, and greatly increases productivity.

for Ricoh Company. DHL tested two kinds of “smart glass” devices, Google Glass and M100 Smart Glasses from Vuzix Corporation of Rochester, N.Y. Software from German company Ubimax turned the glasses into front-end devices for a WMS.

The technology boosted productivity in the DC by 25 percent during the pilot, according to DHL. Now, Exel plans to test the same devices in the United States in late 2015 or early 2016.

“We see this technology combining the best attributes of various picking types,” says Adrian Kumar, vice president of solutions design at Exel in Westerville, Ohio. Handheld computers with radio frequency communications provide barcode scanning and real-time communications; voice-directed systems allow hands-free

First Drones, Now Drivers

Next day is so passé. Since the end of 2014, Amazon has been pushing the boundaries of speedy fulfillment with its Prime Now service, offering free two-hour delivery or \$7.99 one-hour delivery to members of its Amazon Prime service in select cities.

Now, Amazon is going even further in support of its efforts to blur the lines between fulfillment and Star Trek-style teleportation. The solution isn’t a fleet of quadcopters, but a team of local residents with private vehicles and time on their hands who want to take the wheel for Amazon Flex, a program

employing independent contractors to make Prime Now deliveries.

A driver who registers with the Uber-like service uses a mobile app to sign up to work for a specific number of hours, within a specific area, according to an Amazon demonstration video. When the driver accepts a gig, the app

provides turn-by-turn directions to a delivery station, where the driver picks up the packages and scans them with the phone. The app then gives turn-by-turn directions to each delivery point.

Drivers will earn \$18 to \$25 per hour, Amazon says.

The company has launched Flex in Seattle, and will soon extend it to Manhattan, Baltimore, Miami, Dallas, Austin, Chicago, Indianapolis, Atlanta, and Portland, according to the Amazon Flex website.

interaction; and light-based systems highlight the location from which the operator should make the next pick. A vision picking system potentially can do all three.

“Vision picking also has a short learning curve,” Kumar says. “That’s important, because we use a lot of seasonal associates.”

Besides helping temporary workers learn their jobs more quickly, vision picking might give detailed instructions to associates who work on value-added services, such as kitting.

A series of kits might contain similar products, but some of them could—for example—contain just four items, while others have 10. “Can vision picking let associates see the step-by-step instructions to complete a kit with high quality and greater efficiency, and be able to more quickly change the type of kit they’re doing?” asks Daryl Knight, Exel’s vice president, customer development, technology, and aerospace logistics services. That’s one question the tests will address.

Along with basic display and barcode scanning functions, a vision picking system could incorporate more advanced features, such as virtual pick-to-light, or a navigation system that guides workers efficiently among the aisles. “We are considering a spectrum of options,” Kumar says.

During the tests, Exel will measure how vision picking affects overall picking performance and accuracy. A longer-term consideration is whether smart glass could provide an alternative to the use of capital-intensive materials handling automation in some facilities. “Maybe warehouses won’t need a lot of conveyance, because the pickers can be extra productive,” Kumar says. “When they get their assignments, they can pick 10 to 12 orders at a time.”

Dark Stores Come to Light

Among e-commerce merchants, customer demand for fast fulfillment is driving a move toward urban warehouses. By storing product in densely populated locations, companies make next- or even same-day delivery simpler and less expensive.

For some omni-channel retailers, the urban DC strategy

includes the use of “dark stores,” which usually refers to a retail outlet that has shut down, and that a company—either the owner of the store or a different firm—converts to a DC.

Because e-commerce fulfillment largely involves piece picking, a company that turns its own store into a fulfillment center might be able to repurpose the existing retail shelves. If the building has a high ceiling, the retailer might install tall racking to make better use of the space. “But, particularly if fewer than a couple of years are left on the lease, the company will use as much of the existing infrastructure as possible,” says Bob Silverman, executive vice president, supply chain and logistics solutions, at Chicago-based real estate company Jones Lang LaSalle (JLL).

More recently, some observers have applied the term “dark store” to a second scenario, in which a brick-and-mortar urban facility serves a dual purpose. By day, shoppers walk the aisles, choosing products to take home. At night, pickers walk those same aisles filling e-commerce orders.

A retailer might deploy this solution to take better advantage of an underperforming store that still has several years left on its lease. This strategy also solves a space problem for retailers that want to speed up e-commerce fulfillment by shipping product from stores to local customers. Shipping from the store during business hours can be difficult. “There’s just not the space and layout to allow fulfillment of those e-commerce orders,” Silverman says. “Back rooms are small, because retailers are trying to maximize selling space.”

Because retail space costs four to five times more per square foot than warehouse space, the decision to convert a store to a DC is far from a no-brainer. The fact that companies are willing to spend the extra money demonstrates how crucial fast fulfillment has become. “The real estate cost is minimal in the total picture, compared with the opportunity cost of getting the business, and the transportation cost for shipping product from farther away,” notes Silverman.

Whether the key lies in location, automation, smart spectacles, or smart routing, shippers will continue to refine their strategies for getting goods to customers faster than ever. ■



Image courtesy of Intelligrated

Companies requiring fast fulfillment turn to automation such as Intelligrated’s Accumulation Conveyor, which provides high-throughput, high-density, zero-pressure accumulation of different product sizes, shapes, and weights.

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WHO'S WHO

IN AIRFREIGHT FORWARDING

With overall air cargo volumes remaining 1.2 percent down from their 2014 year-end peak, according to the International Air Transport Association (IATA), airfreight forwarders are facing headwinds. Flight plans include forming alliances with airlines, bolstering electronic documentation, and shifting more cargo to passenger flights. Also on the manifest is adopting the IATA e-freight directive and embracing sustainability initiatives to reduce harmful emissions.

Our annual Who's Who in Airfreight Forwarding helps you navigate this dynamic industry, listing leading players of all sizes. This handy guide will help you land partners that can let you soar.



WHO'S WHO IN AIRFREIGHT FORWARDING

KEY:**Asset- or Non-****Asset-Based:**

A=Asset-based;

N=Non-asset-

based; B=Both

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		CUSTOMS CLEARANCE	COMPLIANCE	HEAVY FREIGHT	HAZMAT	DOOR-TO-DOOR	PERISHABLE	OVERNIGHT	NEXT FLIGHT OUT	CHARTER	HIGH-VALUE	OCEAN	CUSTOMS BROKER	CONSOLIDATOR	LOGISTICS	RATE QUOTES	REAL-TIME TRACKING	DOCUMENTS	IAC	TAPA	BASC	ISO	IATA	SMARTWAY	C-TPAT	HAZMAT
96	N	●	●	●	●			●		●	●	●	●	●	●	●	●								●	
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WHO'S WHO IN AIRFREIGHT FORWARDING

KEY:

Asset- or Non-Asset-Based:
A=Asset-based;
N=Non-asset-based; B=Both

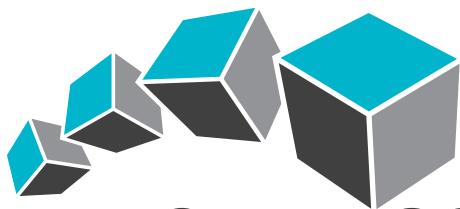
Compliance:
Shipments comply with government, security, and trade regulations

Documents:
Shippers can book/create customs or import/export documents online

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		CUSTOMS CLEARANCE	COMPLIANCE	HEAVY FREIGHT	HAZMAT	DOOR-TO-DOOR	PERISHABLE	OVERNIGHT	NEXT FLIGHT OUT	CHARTER	HIGH-VALUE	OCEAN	CUSTOMS BROKER	CONSOLIDATOR	LOGISTICS	RATE QUOTES	REAL-TIME TRACKING	DOCUMENTS	IAC	TAPA	BASC	ISO	IATA	SMARTWAY	C-TPAT	HAZMAT
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127	N	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
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21	N	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
45	N	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
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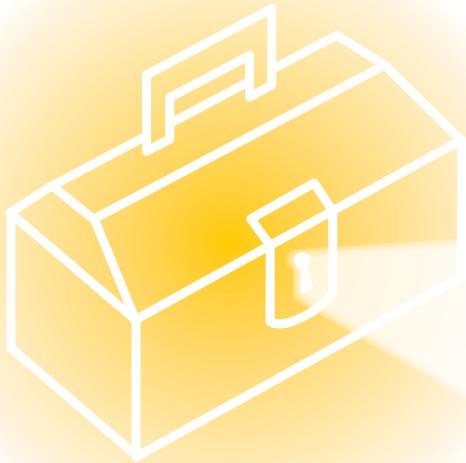
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I.T. Toolkit | by Karen M. Kroll

The Sweet Smell of Success

When fragrance and cosmetics giant Elizabeth Arden implemented a directed turnkey supply chain in 2007, it gained efficiency, but lost some visibility when contract manufacturers placed orders directly with suppliers. Although Elizabeth Arden provided the parameters governing the orders, such as the quantities and prices of the materials to purchase, the company wasn't able to verify whether its manufacturers were adhering to those parameters until well after orders had been placed — usually in reports received at the end of each month.

That's when Elizabeth Arden engaged The Smart Cube, a provider of data analytics services based in the United Kingdom, with offices in the United States, China, and several other countries. The Smart Cube developed a system that pulled and aggregated information from all of Elizabeth Arden's contract manufacturers, providing a consolidated, accurate view of data across the supply chain. The result? Elizabeth Arden can now see, in real time, the purchases its network of manufacturers makes on its behalf.

That visibility is key, given the scope and complexity of the company's operations. Elizabeth Arden sells its prestige beauty brands — including skin care,

color, and fragrance products, as well as leading fragrance lines such as Britney Spears, Curve, Elizabeth Taylor, and Juicy Couture — in more than 120 countries. Sales for the 12 months ending June 30, 2015, topped \$971 million.

Elizabeth Arden manufactures its skin care and makeup lines in one location, and then sells them worldwide. But the business model for fragrances takes a more geographic approach. "Fragrances represent our largest sales volume, so there's more freight and tonnage to move," says William



A data makeover gives Elizabeth Arden more visibility into its fragrance products, and saves dollars and scents.



Babuschak, senior vice president of global planning, procurement, and manufacturing. Elizabeth Arden serves these customers from one distribution center in the United States and one in Europe. The company also uses some affiliated distribution centers and distribution partner relationships. While some customers take full cases of products, many orders are piece-picked at the distribution centers, and then shipped.

Before 2007, the company handled the procurement of most raw materials, which it then shipped to third-party manufacturers under a tolling process (the manufacturers processed those raw materials or semi-finished goods for Elizabeth Arden). The company used a legacy materials requirements planning (MRP) system to manage that process.

Manufacturers Take Control

That began to change when Elizabeth Arden shifted to a directed turnkey approach, which placed the point of control for materials flow with the manufacturers, who talked with component suppliers, managed orders, and ensured the component flow matched the manufacturing schedule.

A directed turnkey approach is efficient because it enables Elizabeth Arden to aggregate component purchases, then send them to multiple facilities. “We’re trying to maintain scale for our brands, despite this change in sourcing methodology,”

Babuschak says. For example, the company may manufacture a single fragrance line in three locations, but purchase the fragrance bottle from one supplier. “We get economies of scale,” he adds.

Let's Get Visible

At the same time, visibility was a challenge. Although Elizabeth Arden instructed the manufacturers on who to buy from, how much to buy, the price, and when to place the order, the company no longer saw, for instance, the purchase orders that flowed from manufacturers to component suppliers. “Companies using a directed turnkey model can lose a lot of control if they don’t have a good tool to manage and aggregate data,” Babuschak notes.

Instead, data typically was available through monthly reports that detailed how much of each product a particular manufacturer purchased and used. “Monthly reporting hurts this production model,” Babuschak notes. “When all the information is available after the fact, you can only correct on the next purchase.”

Before deciding on this new approach, Elizabeth Arden considered several alternatives. One was to use its internal MRP system to replicate the actions of its contract manufacturers. “We’d create a mock system that would turn similarly to the way the third-party manufacturer was doing it,” Babuschak says.

The hitches? First, maintaining the system’s accuracy would be difficult. Second, ensuring it synced with the manufacturers’ actual activity would require a large, ongoing investment.

Babuschak and his colleagues also considered investing in a tool that would interface with the Enterprise Resource Planning (ERP) platforms used by Elizabeth Arden’s suppliers. Finding a system that would connect with all the

ERP systems and provide standardized reports, however, also would have required a significant investment because the company worked with nine contract-fillers, almost all with different ERP systems.

These options were not ideal; either was continuing to rely on retroactive data. Searching for alternatives, Elizabeth Arden presented the challenge to The Smart Cube, which it already worked with in procurement and supply chain functions.

The Smart Cube began by mapping the processes Elizabeth Arden used. One analyst, stationed in Elizabeth Arden’s offices, met with employees to gauge their expectations of the tool. The Smart Cube also researched Elizabeth Arden’s external manufacturers to learn the systems and reporting methods they used.

This analysis provided a baseline to develop a system that could tackle Elizabeth Arden’s visibility and reporting challenges. The Smart Cube established a business process that starts with the receipt of manufacturers’ raw data feeds, which are standardized, consolidated, and cleansed. A variance calculation tool compares actual purchase order prices to internal price standards. Elizabeth Arden executives can review key measures through an interactive dashboard.

The first iteration of the reports was produced in May 2014. Elizabeth Arden and The Smart Cube continued to fine-tune the system, ensuring they could combine all the information into one comprehensive master file, and deliver reports in the time frame needed.

Helping the process was the fact that most of the manufacturers used standard reporting systems, rather than homegrown applications. “The manufacturers had good reporting capabilities; it was just a matter of getting them to align so the reporting could be a recurring event and not a one-time activity,” Babuschak says. The goal was a system that would allow the manufacturers to create reports with the touch of a button.

Speeding Along

Elizabeth Arden and The Smart Cube had largely wrapped up mapping the information with the manufacturers in July 2014, and then locked down the final reporting system in September. “It was unbelievably fast, given the amount of data,” Babuschak says.



That speed was critical because Elizabeth Arden provides standard raw material costs to its manufacturers by November each year. “The tool was useful for setting standards,” Babuschak says. “And it was more efficient because we were working off real-time data.”

A Good Look

Even once the system for Elizabeth Arden was up and running, internal adoption was key to its success. Employees had to trust the reporting would provide relevant, accurate, and reliable information. “We had to get the finance and supply chain teams aligned on the quality and accuracy of the data,” Babuschak says.

That required digging into the data and refining the tools. For example, some problems resulted from the ways in which data was being rolled up, as well as errors in how some items were coded to different product lines.

The efforts are paying off. The accuracy of the order compliance report has jumped from 18 to 70 percent, with more improvement yet to come. “It’s still a work in progress,” Babuschak says. “The reporting allows us to see where we’re not aligned.”

In some cases, the misalignment is intentional. For example, a change in business may dictate shifting a specific perfume bottle purchase from 100,000 to 50,000 units.



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benefits. Elizabeth Arden has visibility into future purchases—which can total in the hundreds of millions of dollars—being placed on its behalf. It can negotiate improved rates with suppliers, as it has a better handle on all the orders going to each vendor, even across several contract manufacturers.

Elizabeth Arden has worked to increase the interaction between The Smart Cube and its third-party manufacturers. For instance, the manufacturers now upload inventories they purchase and hold for Elizabeth Arden. Through a monthly inventory report, the company can see how quickly inventory is moving, and gauge the volume in place across the network. Previously, Elizabeth Arden could see finished inventory, but not by component.

The improved visibility makes conversations with suppliers easier, as Elizabeth Arden sees what they’re seeing when it pulls data from the manufacturers. “We now have visibility to transactional purchases. When we switched from non-turnkey to directed turnkey, we lost that transactional detail,”

The key is that Elizabeth Arden can now see the differences as orders are placed, rather than after inventory is received. “That nuance is critical,” Babuschak says.

Being able to view and analyze data on an aggregated, forward basis offers several

Babuschak says. “We can drill into an item, the number of times it was purchased, and by whom. It gives us the same visibility as our internal system.”

This data makeover helps Elizabeth Arden put its best face forward. ■

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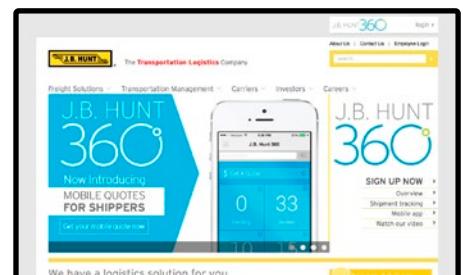


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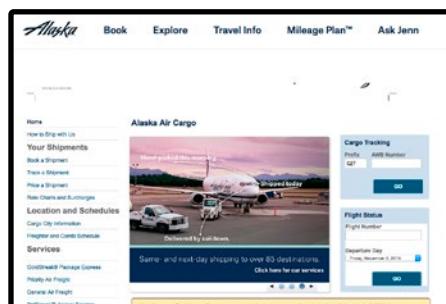
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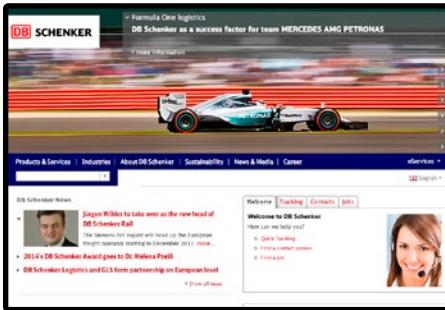
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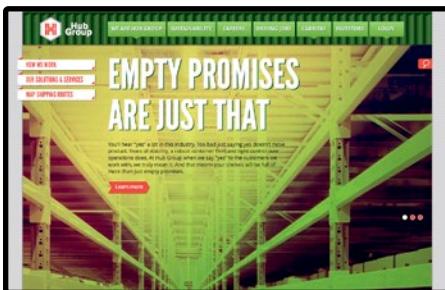
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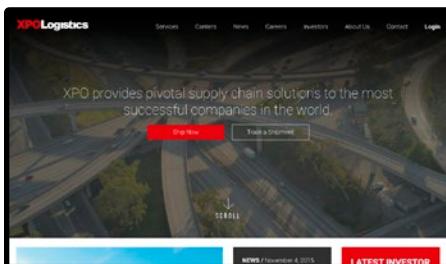


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Roadrunner Transportation Systems provides flexible and responsive supply chain solutions throughout the United States and Canada. The company is dedicated to a customer-focused culture that delivers reliable and personalized service. It strives to maintain the highest ethical standards while continuing to be a best-valued logistics provider in the industry. The leading asset-light provider offers a full suite of solutions, from customized and expedited logistics to comprehensive global supply chain services.



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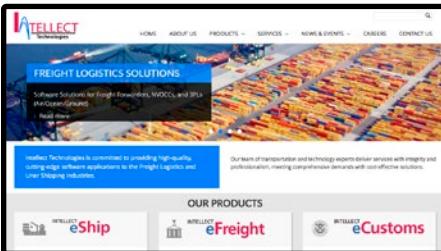
ICC Logistics Services, Inc. • www.icclogistics.com

ICC Logistics Services, Inc. helps clients identify profit leaks in their shipping expenditures and provides real, proven solutions to put that money back into a client's bottom line. ICC does this through logistics auditing, negotiating, contract optimization and a variety of transportation consulting services. ICC has a 40-plus year history of recovering hundreds of millions of dollars for their clients, all while maintaining the highest level of customer service, support and trust.

LOGISTICS IT

Conveyorware Business Distribution Software • www.conveyorware.com

Conveyorware Business Distribution Software is a full-featured cloud system that will support a diverse cross-section of industries. Our top priority is to provide "big business software" at "small business prices!" This user-friendly software is an all-in-one solution for order fulfillment and inventory management, integrating into a full accounting and financial system. Accurate distribution and inventory control is key to business success and Conveyorware ensures accuracy with barcode ID and pick-ticket management built-in.



Intellect Technologies • www.intellecttech.com

Intellect Technologies is a global provider of web-based information technology solutions for shipping lines, agencies, freight forwarders, NVOCCs, brokers, and 3PLs, developed using the world's leading technology, Oracle, rated to be the best for performance, reliability, and security. Using this approach, Intellect is able to offer the most technically advanced single-platform solutions with full global capabilities for organizations of all sizes.

Magaya Logistics Software Solutions • www.magaya.com

Magaya's logistics software is designed specifically for freight forwarders, NVOCCs, logistics providers, warehousing and distribution centers, importers, exporters, and others in the logistics industry. Our software is a complete package that integrates logistics, communication, and accounting features built on the award-winning Magaya Network. Companies can exchange documents for shipping, and more, with their customers and agents worldwide via the Network and give them real-time tracking.



IN THIS SECTION:

Materials Handling - Trucking

MATERIALS HANDLING



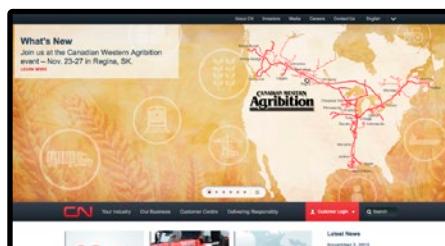
Material Handling Industry • www.mhi.org

Material Handling Industry (MHI) is an international trade association that has represented the industry since 1945. MHI members include material handling equipment and systems manufacturers, integrators, third-party logistics providers, consultants, and publishers. The association also sponsors trade events such as ProMat and MODEX to showcase the products and services of its member companies and to educate industry professionals on the industrial productivity solutions provided through material handling logistics. Much of the technical work of the industry is done within its product-specific sections, councils, and affiliates.

RAIL

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CN's network of logistics parks are strategically located at the heart of North America to connect your business to world markets. Located in, or adjacent to, its intermodal rail yards, CN provides you with seamless and efficient transportation and easy access to major highways. CN provides access to all key logistics services—rail, intermodal, warehousing, distribution, CargoFlo liquid and dry bulk transload, and Autoport distribution facilities—in one location. As your supply chain partner, CN can help you find your new distribution home.



RAPID RESPONSE LOGISTICS



American Expediting Company • www.amexpediting.com

American Expediting has grown over three decades - from a single operation to hundreds of dedicated logistics professionals nationwide. But its mission remains the same: to deliver on time, every time. Couriers are equipped with two-way communications devices and GPS, and the on-time performance metric is more than 99 percent. From messengers, couriers with cars, vans and trucks, to next-flight-out and direct drive shipments, to warehousing, distribution, fulfillment, and more, American Expediting's solutions are custom-tailored to your exact requirements, schedule, and budget.

TRUCKING

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.



WhitePaperDigest

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



Weber Logistics

TITLE: *Reduce Freight Transportation Costs With Intermodal Service*

DOWNLOAD: bit.ly/1NyRWhP

SUMMARY: Over-the-road trucking has had its challenges in recent years, thanks to driver shortages, hours-of-service regulations, rising fuel costs, and capacity shortages. During that time, railroads have been improving tracks and facilities, as well as service offerings, to meet shippers' needs. This paper addresses the misperceptions surrounding intermodal and provides tips to get the most out of the service.

Sealed Air

TITLE: *Dimensional Weight: Don't Let It Weigh You Down*

DOWNLOAD: bit.ly/1WzKQvH

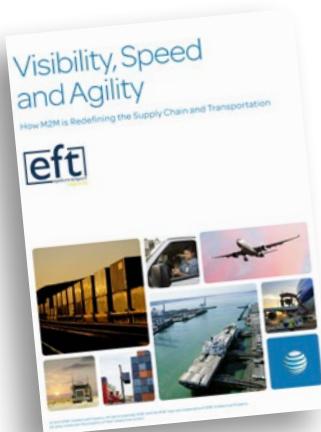
SUMMARY: Dim weight pricing changes do not have to weigh heavily on manufacturers and retailers from a financial or operational perspective. By taking the proactive steps outlined in this whitepaper, companies can help ensure they are protecting their customers' products, their reputations, and their bottom lines.

AT&T

TITLE: *Visibility, Speed and Agility: How M2M Is Redefining the Supply Chain and Transportation*

DOWNLOAD: soc.att.com/1h2SHVa

SUMMARY: Transportation and supply chain management are critical pillars of global commerce and are facing unprecedented challenges and change. The new and original information in this study sheds light on how executives at transportation and supply chain management companies use or plan to use technology to address these issues and more. Key findings in the survey data reveal that operational visibility - knowing where a shipment is and monitoring the environmental conditions in near real-time of cargo in-transit - is becoming a critical tool for the supply chain and transportation industries.





C.H. Robinson

TITLE: *Do "Favored Shippers" Really Receive Better Pricing and Service?*

DOWNLOAD: bit.ly/1jkqPHb

SUMMARY: Anecdotal evidence and some qualitative research suggest that "favored shippers" – companies for which carriers prefer to haul freight – obtain better pricing and service. But do they? In this paper, Iowa State University researchers explain how they sought to understand the voice of U.S. truckload carriers; how they quantitatively measured the effects of "favored shipper" characteristics on transportation costs; and what characteristics actually make shippers favored in the transportation marketplace.

Crown Equipment

TITLE: *The True Cost of Ownership for Counterbalance Forklifts: Understanding the Impact of Hidden Costs*

DOWNLOAD: bit.ly/1WzKANG

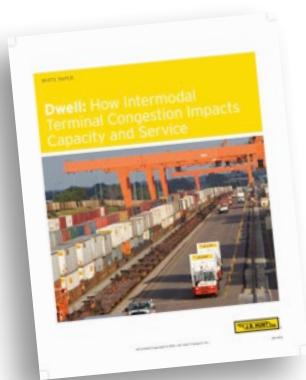
SUMMARY: Counterbalance forklift owners seeking to best manage their industrial equipment investment will find this new whitepaper very helpful. It explores how performance and durability, service and maintenance, and ergonomics can impact overall expenses; and illustrates how important it is to take a more comprehensive approach to understanding the true cost of ownership for counterbalance forklifts.

J.B. Hunt

TITLE: *Dwell: How Intermodal Terminal Congestion Impacts Capacity and Service*

DOWNLOAD: bit.ly/1WzKx47

SUMMARY: The railroad industry is experiencing a congestion issue called "dwell" that, when combined with recent and forecast increases in rail volume, impacts capacity, service, and growth. Dwell is the period of time starting when a container is unloaded from the train and ending when the container has departed from the rail facility. This whitepaper examines the problem with dwell, and offers solutions.



Petrochemical Update

TITLE: *Gearing Up for Petrochemical Export Growth in North America*

DOWNLOAD: bit.ly/1WzKDJ7

SUMMARY: With plastics exports set to triple in the United States by 2020, petrochemical producers need additional storage and transportation capacity to accommodate this growth. This whitepaper offers in-depth analysis into additional storage capacity needed along the supply chain and at ports, and how producers plan to collaborate with stakeholders across the supply chain. It also provides tangible solutions to help companies overcome pressing issues such as storage and transportation capacity, and new infrastructure requirements.

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



Photos: Andean Sun Produce

The **Port of Savannah** now receives cold-treated citrus fruits, such as tangelos (*inset*) from Peru. The tangelos, moved from Andean Sun Produce farms (*pictured*) in Ica, Peru, are part of a U.S. Department of Agriculture pilot program that chills citrus, grapes, and blueberries for at least 17 days prior to entry into the United States to protect against fruit flies. Removing potential pests via cold treatment reduces the need for pesticides.

//Transportation//

Worldwide ocean shipping group **CMA CGM** added a new call in Wellington, New Zealand, on its Panama Direct Line (PAD) service. The PAD service connects Europe, the U.S. East Coast, Australia, and New Zealand via the Panama Canal. The additional call offers new export options for New Zealand meat producers.

The **Kansas City Southern Railway Company** invested approximately \$7.5 million in 2015 on construction and improvement projects on its Aberdeen Branch between West Point and Aberdeen, Miss., and its Tuscaloosa Subdivision between Artesia and Columbus, Miss. The work includes replacing 5.6 miles of rail and 38,000 cross ties, and improving 19 road crossings.



International express services provider **DHL** launched a new flight to service U.S. importers and exporters based in Michigan. Stationed at the Detroit Metropolitan Airport, the new Boeing 767-200 cargo flight operates daily between the DHL Americas Hub at the Cincinnati/Northern Kentucky Airport and Detroit, with a stop in Minneapolis to connect with freight routed to and from Canada.

Transportation and logistics services provider **Roadrunner Transportation Systems** expanded its LTL offering to include an outbound option from Toronto, giving shippers cross-border services in both directions.

Rand Logistics took delivery of its newest Canadian self-unloading vessel. The new vessel has the largest carrying capacity of any existing river class self-unloader and is the first new river class self-unloader to be introduced into Great Lakes service in more than 40 years. The new addition increases the size of Rand's fleet to 16, including 10 Canadian flagged and six U.S. flagged vessels.

Uber launched UberRUSH delivery service in New York City, Chicago, and San Francisco after operating it as a pilot program in New York City for more than one year. With help from Uber's business platform partners Shopify, Clover, ChowNow, Bigcommerce, and BloomNet, as well as local on-demand ordering platforms such as delivery.com, retailers can provide on-demand delivery in these three cities.

//Technology//

Supply chain solutions provider **TAKE Supply Chain** added sales-focused transactions to **OneSCM**, its supply chain collaboration software designed to help mid-market companies increase operating margin and grow market share. The new transactions feature automated sales order creation and management, inventory visibility, and status of key activities such as fulfillment, delivery, and payment receipt.

Supply chain management firm **AFFLINK** launched phase two of its proprietary supply chain consultation software. *ELEVATE* is a free portal that helps businesses monitor and manage their supply chain spend in less than 20 minutes. Phase two upgrades include better video quality, additional products and features, improved user experience and functionality, an Impact Report, and marketing customization.

Logility, a provider of collaborative supply chain optimization and advanced retail planning solutions, launched Logility Voyager Thumbprint, a mobile application for Android and iOS devices that delivers real-time supply chain analytics. It also lets users quickly update information and collaborate across the enterprise with suppliers, carriers, sales, and supply chain teams to improve forecast accuracy and quickly resolve issues.

ORBCOMM, a global provider of machine-to-machine and Internet of Things solutions, integrated its fleet tracking and monitoring system with *TMWSuite* software by TMW Systems, a provider of enterprise transportation solutions. The integration allows trucking companies across North America to capture near real-time trailer data, including temperature, mileage, fuel levels, operational condition, and GPS position, for both refrigerated and dry transport assets.

//Services//

LTL carrier **Old Dominion Freight Line** opened the La Salle Service Center in Peru, Ill., moving from an existing location in Utica, Ill. The new, 85-door

facility is located near two major interstate highways and numerous shipping locations in the service area.

Global logistics provider **Agility** opened a pharmaceutical competence center in Sao Paulo, Brazil. The facility offers pharmaceutical companies logistics solutions and expertise in developing temperature-controlled supply chains. The center helps companies adhere to Good Distribution Practice standards developed by the World Health Organization and European Union.

Transplace, a provider of transportation management services and logistics technology, launched a supply chain consulting practice. Transplace Supply Chain Consulting professionals offer functional expertise in transportation and logistics, and focus on improving end-to-end supply chain performance.



Janam Technologies, a provider of wireless rugged mobile computers that scan barcodes and communicate, unveiled the newest addition to its XG3 series. The XG3-ER gun-shaped device reads any kind of 1D and 2D barcode, omni-directionally, from six inches to more than 50 feet out, ideal for when lighting conditions are dim or barcodes are damaged, obscured, or placed on high shelving.



Intra-logistics systems provider **Dematic** unveiled new automated e-commerce order fulfillment and retail store replenishment solutions for apparel retailers and wholesalers. The enhancements include: light-directed put-to-store for apparel store replenishment; batch pick-to-sorter for apparel e-commerce fulfillment; and automated storage with goods-to-person workstations for apparel omni-channel distribution.

Saddle Creek Logistics Services broke ground on a new DC in Chicago. The new facility, which will open in early 2016, is located in the CenterPoint Intermodal Center—the nation's largest inland port and a designated Foreign Trade Zone. The 1.1-million-square-foot facility will have 132 dock doors and a secured yard.

Epicor Software Corporation, a business software solutions provider, launched its new India Technology Center in Bengaluru. The 48,000-square-foot center, located in the newly established RMZ EcoWorld Technology Park, facilitates product development, support, and services.

Atlas Air Worldwide Holdings, a global provider of outsourced aircraft and aviation operating services, expanded its CMI (crew, maintenance, and insurance) service. Its Atlas Air unit is set to operate two Boeing 767 aircraft leased to DHL Express by the company's dry leasing division, Titan Aviation.

Toyota Industrial Equipment Manufacturing is set to expand its forklift manufacturing plant in Columbus, Ind. The \$16-million expansion and building renovation increases the total facility to 1.1 million square feet of manufacturing and support space.

Penske Truck Leasing opened two facilities in western Canada: an 8,400-square-foot building in Surrey, BC, and a 16,500-square-foot center in Calgary, Alb. Both sites offer full-service truck leasing and contract truck fleet maintenance services. Wireless technology connects technicians to truck diagnostic and analytic software.

UPS Freight added a new facility in Franklin Park, Ill. The 28,000-square-foot building features 66 docks for

loading and unloading LTL freight. The Franklin Park location complements nearby UPS Freight centers in Aurora, Chicago, Palatine, and South Holland.

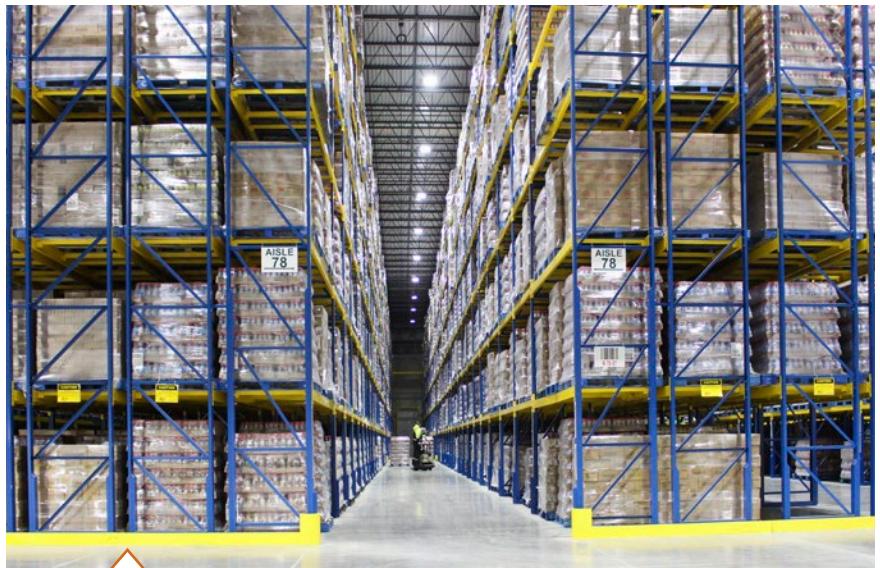
Warehouse and logistics systems provider **SSI SCHAEFER** and **CareFusion** signed an agreement to unify competencies in consultation, project management, installation, and customer service. The collaboration enables them to offer standardized logistics solutions for the pharmaceutical and healthcare industries.

LLamasoft, a supply chain design software solutions provider, partnered with three supply chain companies—3PL and supply chain technology company **Transplace**, benchmarking group **Tompkins Supply Chain Consortium**, and online sea freight intelligence platform **Xeneta**—to provide more detailed data for supply chain modeling.

//Products//

Akro-Mils, a manufacturer of storage, organization, transport, and materials handling products, added four new sizes—with lengths ranging from 10.9 inches to 22.5 inches—to its line of Akro-Grid dividable grid containers. Akro-Grids are compatible with most racks, shelving, and materials handling equipment.

Materials handling company **Crown Equipment Corporation** unveiled a new order picking wearable technology option. The wireless remote works with its QuickPick Remote order picking system and is secured to the operator's wrist and finger with adjustable straps. Operators press a thumb-actuated button to advance the forklift.



Interstate Warehousing, a Tippmann Group Company, completed expansions of its facilities near Indianapolis and Nashville. The company added more than 309,000 square feet of frozen and refrigerated warehouse space to its Franklin, Ind., facility (pictured), the largest in its network. Its Murfreesboro, Tenn., warehouse added more than 155,000 square feet to its footprint.



Weighing equipment manufacturer **Fairbanks Scales** introduced the Omnicell line of weighing assemblies, which turn an existing tank, bin, or hopper into a weight scale. Omnicell assemblies are placed under a vessel containing liquid or dry material.



Product traceability solutions provider **Mettler-Toledo PCE** developed new Label Serialization Stations, which print and verify labels automatically for the pharmaceutical and healthcare industry. The machines can be fully integrated into production lines to print up to 500 track-and-trace labels per minute.

Chain conveyor systems maker **Jervis B. Webb Company** introduced the new Unibilt Inverted Three-Rail (ITR) conveyor. ITR's three-point, wide stance provides a stable platform for large, tall loads, enabling them to negotiate horizontal turns and vertical curves. The conveyor is designed for operations that require the stable movement of materials in an inverted configuration.

Good Ideas introduced the Defender Series Column Protector, a device to protect I-beams and other columns from forklift truck damage. Deflecting small impacts, it consists of halves that clasp around the column held together with Velcro straps. If the column is hit with a larger force, it breaks away like a crumple zone to prevent damage to the pillar and the Defender.



Access equipment maker **Absolute E-Z Up (AEUP)** introduced the Transport Dolly, a towable trailer designed to work with the AEUP ISP-11 industrial stock picker. The 30-inch-wide dolly lets operators move 949 pounds of material or inventory in one trip.

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www.retailsupplychain.org | Dallas | FEB 28-MAR 2, 2016

AUDIENCE: Stakeholders in the retail supply chain; logistics, supply chain, and distribution professionals

FOCUS: Changing nature of retail; the supply chain's critical role in serving the customer; how DC design decisions impact the bottom line from a retail, wholesale, and e-commerce distribution

model perspective; leveraging analytics for supply chain advantage; constructing a full-spectrum, international sourcing and logistics model

FOCUS: Leading trends, best practices, and state-of-the-art equipment and technology solutions to make manufacturing and the entire supply chain work more efficiently and profitably

APR 19-20, 2016 Atlanta, Ga.
Center of Innovation for Logistics

2016 Georgia Logistics Summit

www.georgialogistics.com/logistics-summit

AUDIENCE: Supply chain and logistics professionals

FOCUS: Global and national economic landscape; the economic and regulatory environment's impact on the industry; logistics innovation successes in transport, DCs, and 3PLs; logistics opportunities in Atlanta, Savannah, Georgia's other metro areas, and rural Georgia; state of Georgia's logistics market

CONFERENCES

DEC 1-3, 2015 Arlington, Va.

Worldwide Business Research

Defense Logistics

www.defenselog.com

AUDIENCE: Defense logistics and supply chain stakeholders

FOCUS: Best practices and trends in defense logistics; sustaining and supporting a widely dispersed troop base; collecting and analyzing data; filling the global talent gap

JAN 18-20, 2016 Atlanta, Ga.

SMC³

Jump Start 2016

www.smc3jumpstart.com

AUDIENCE: Supply chain, logistics, and transportation professionals

FOCUS: Trends impacting the U.S. trucking industry; strengthening supply chain collaborations; Panama Canal expansion; the outlook for the global economy; U.S. financial update and supply chain acquisitions; prioritizing IT dollars for supply chain optimization; innovating through autonomous delivery vehicles

JAN 18-22, 2016 Lake Buena Vista, Fla.

PEX Network

Process Excellence Week

www.bit.ly/pexweekcom

AUDIENCE: Operational excellence and business transformation executives

FOCUS: Case studies in operational excellence, strategic business transformation, BPM, and continuous improvement; aligning strategy with operational excellence to drive sustainable, enterprise-wide transformation

JAN 20-21, 2016 Orlando, Fla.

marcus evans

Supply Chain Risk Management

bit.ly/marcusevansSCconference

AUDIENCE: Supply chain risk professionals

FOCUS: Strategies for overall supply chain visibility; regulatory compliance throughout the supply chain; meeting heightened regulatory standards; capitalizing on advances in software visibility and internal strategy; overcoming transportation risk; utilizing predictive models to evaluate ROI through consumer forecasting

MAR 30-31, 2016 Atlanta, Ga.

Terrapinn

Home Delivery World 2016

www.terrapinn.com/conference/home-delivery-world/index.stm

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

FOCUS: Strategies for same- and next-day delivery; omni-channel fulfillment and logistics; implementation of next-gen platforms; delivery solutions to big and small box retailers and merchants; omni-channel returns process optimization; using the crowd as a delivery service; next-gen technologies to enhance final-mile delivery

APR 4-7, 2016 Atlanta, Ga.

MHI

MODEX 2016

www.modexshow.com

AUDIENCE: Materials handling, logistics, and supply chain professionals

SEMINARS & WORKSHOPS

FEB 25, 2016 Atlanta, Ga.

APICS

Supply Chain Risk Management

www.apics.org/risk

AUDIENCE: Logistics and supply chain professionals

FOCUS: Global supply chain risk landscape; definitions of risk management; techniques and tactics to mitigate risk; profiles of early adopters of risk management; ins and outs of supply chain risk; utilizing a "heat map" tool to assess risks within your supply chain

APR 19-20, 2016 Cambridge, Mass.

MIT Sloan Executive Education

Supply Chain Strategy and Management

www.executive.mit.edu

AUDIENCE: Logistics and supply chain professionals

FOCUS: Trends in supply chain strategy; guidelines for making strategic sourcing and make-buy decisions; integrating e-business thinking into supply chain strategy and management; blending recent developments in information systems and communication technology with decision support systems and creating a comprehensive strategy for manufacturing and logistics



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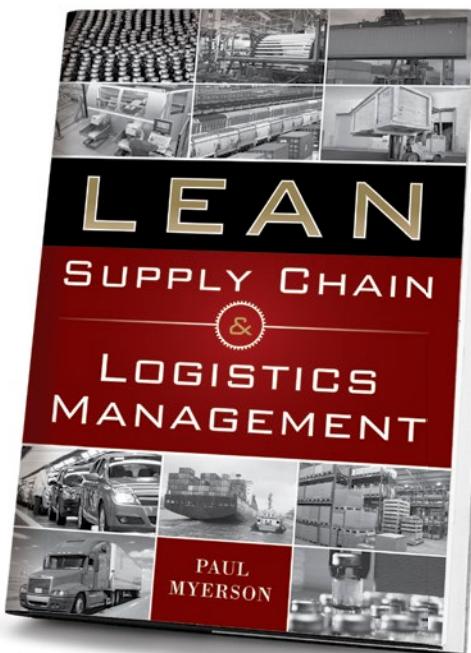
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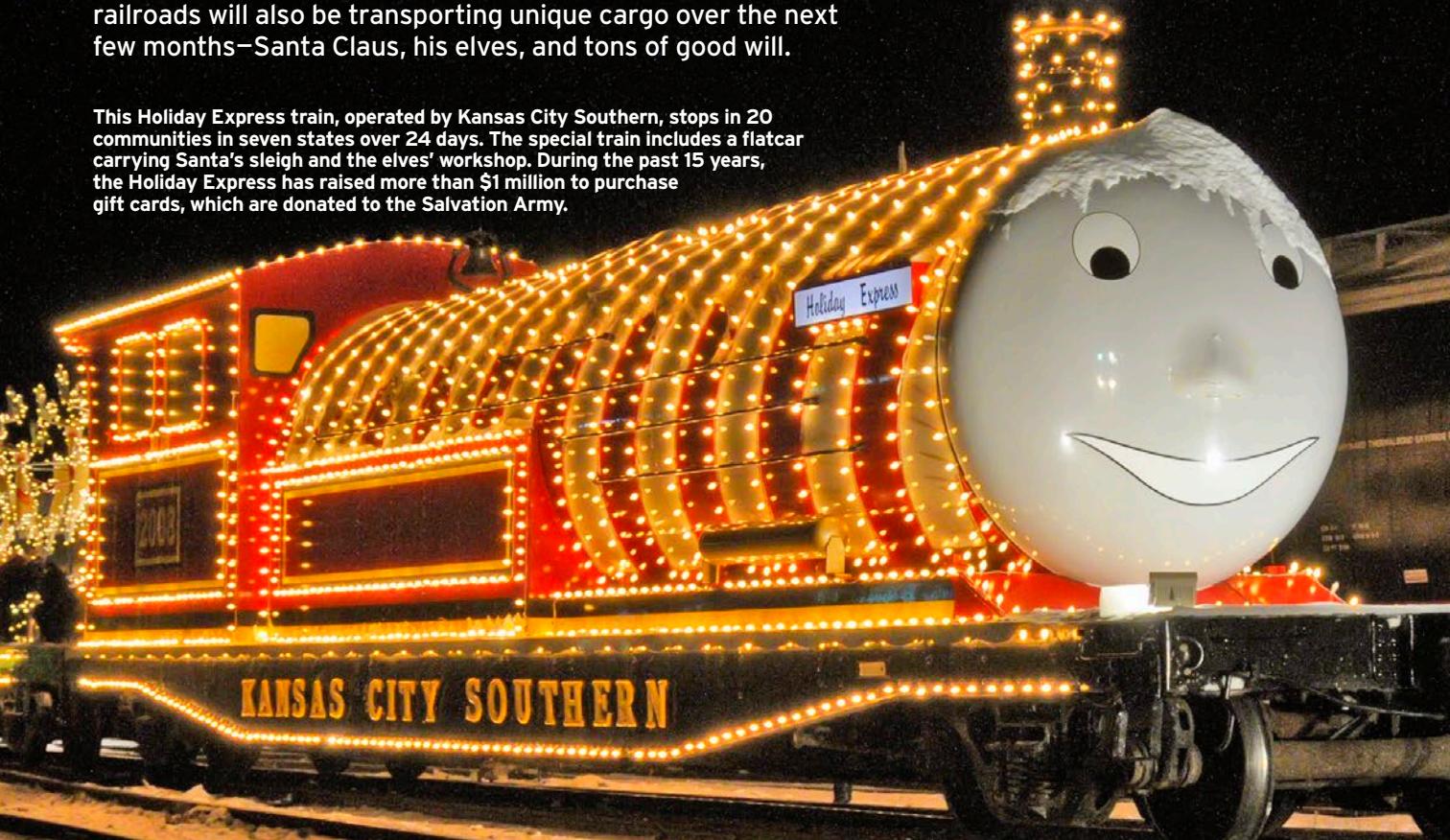
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Santa Claus is Coming to Town

BY DEBRA N. PHILLIPS

If you're making a list of commodities transported by U.S. railroads, better check it twice. In addition to coal, grain, food products, and intermodal containers, several railroads will also be transporting unique cargo over the next few months—Santa Claus, his elves, and tons of good will.

This Holiday Express train, operated by Kansas City Southern, stops in 20 communities in seven states over 24 days. The special train includes a flatcar carrying Santa's sleigh and the elves' workshop. During the past 15 years, the Holiday Express has raised more than \$1 million to purchase gift cards, which are donated to the Salvation Army.

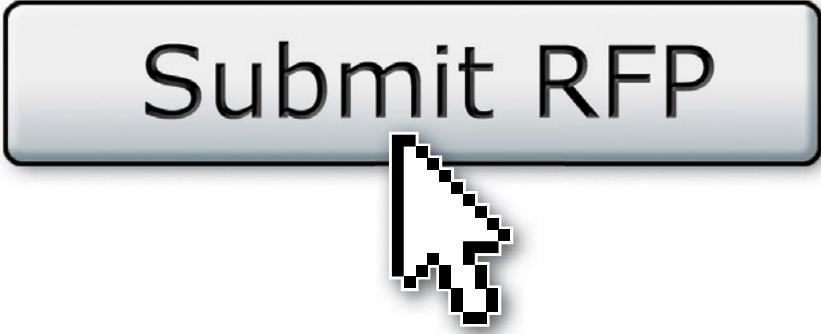


Now in its 73rd year, CSX's Santa Train runs along a 110-mile route, making 14 stops in Kentucky, Virginia, and Tennessee, delivering up to 15 tons of toys to families. This year's Santa Train also includes pop musician Meghan Linsey to assist with the festivities.



Florida East Coast Railway's (FECR) Santa Train travels from Jacksonville to Miami, making eight stops along the way. In 2014, the FECR Santa Train donated more than 40,000 toys to the Marine Corps Toys for Tots Foundation. FECR began this program five years ago.

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