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# **EXPEDITED TRANSPORT:** It's All in the Timing

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HOLIDAY STOCKING

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# **CHECKINGIN**

Kith Boudo



by Keith Biondo | Publisher

# Retailers Rebalance Time vs. Cost?

or retailers and their value chain partners, practicing inbound logistics provides two competitive advantages – the ability to keep prices low, because matching demand to supply optimizes inventory-to-sales ratios and creates other economies; and the agility to use time as a competitive advantage by serving customers faster and more completely.

In the past, retailers emphasized keeping costs down and prices low. Demanddriven practices produced a large measure of success on that score. Today, leading retailers have been so successful at it that they can offer to match online competitors' prices. In these cases, economy is no longer a differentiator. If cost was king, and that advantage is gone, what's left to differentiate? Time.

Brick-and-mortar stores and online retailers provide different returns on the time side of the competitive equation. If demand is immediate, traditional retailers have the edge, because nothing is faster than driving to the mall and buying what you need. Of course, the trip takes time, too. And at certain times of the year-the holiday season-mall visits can be harrowing. And there is the out-of-stock issue, too.

That kind of problem doesn't generally exist with an online retailer. But you are exposed in another way. Consumers can't get what they want *right now*, or even soon, without paying more for next-day delivery. So how does an online retailer offset the time advantage held by traditional retailers?

For more than a year, rumors spread that Google is planning to offer same-day delivery in specific markets through its retail partners. Amazon has been providing it for a while in certain markets. Perhaps the Kiva purchase provides the infrastructure to successfully expand that offering without killing the cost advantage.

Does same-day delivery by online retailers signal the end of the traditional retailer's time advantage? Walmart says no. With more than \$4 billion in online sales, Walmart straddles both online and traditional retail channels, and has the logistics infrastructure to support both. Now the company is launching Walmart to Go, a \$10 flat-rate charge for same-day delivery of products shipped directly from stores in certain areas. It likely won't encompass all products, just ones with high demand. Otherwise, the demand-driven logistics cost advantage Walmart worked so hard to achieve would be squandered on expedited shipping and warehousing costs.

Velocity is more important than price for some consumers, perhaps giving some retailers another component to consider as they compete. In the clash of the retail titans, Walmart vs. Amazon (and now Google), where the cost advantage has been flattened, those using time to their best advantage may have an edge.

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**Dimerco's network expansion in INDIA** A confident outlook on further serving global customer needs in Emerging Markets

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#### PROMAT 2013 KEYNOTE SPEAKERS



Steve Forbes Chairman and Editor-in-Chief, Forbes Media

Navigating the New Political Climate for Business Growth and Success

With the presidential inauguration the day before ProMat opens, Steve Forbes assesses the impact of the President and his administration on the future of the economy and business growth. Mr. Forbes will provide insights and strategic advice for business success during these difficult times.



Henrik I. Christensen KUKA Chair of Robotics & Director of Robotics, Georgia Tech

# The Impact of Robotics on Economic Growth

During the last few years, a new wave of robotics has emerged that is revolutionizing manufacturing and distribution operations. Dr. Christensen will detail how these advances combined with core business drivers will help advance future economic growth.



Edie Weiner Futurist

The Future of Material Handling, Logistics and Supply Chain

Moderated by: **Edie Weiner**, Futurist Panelists:

George Prest, CEO, Material Handling Industry of America Rick Blasgen, President and CEO, Council of Supply Chain Management Professionals Michael J. Mikitka, CEO, Warehousing Education and Research Council Liz Richards, Executive Vice President, Material Handling Equipment Distributors Association





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by Deborah Catalano Ruriani

# Transloading to Maximize Cost Savings

ransloading offers a cost-effective way to bring ocean containers inland to distribution centers. By transfering cargo without sorting the contents for shipment to a single destination, transloading services can reduce total landed costs, and—when combined with value-added services such as palletizing and shrink-wrapping—reduce handling at the destination. Jeff McCorstin, senior vice president of air and ocean products for UPS Global Freight Forwarding, offers these tips for maximizing savings with transloading services.

**Understand general transloading rules.** Transloading offers the greatest cost savings when ocean containers can be consolidated into fewer, larger domestic trailers. The cargo in three 40-foot ocean containers typically fits into two 53-foot domestic trailers.

**2** Ensure overall transportation savings outweigh additional handling costs. Sometimes the savings are negated for destinations located farther east from the U.S. West Coast discharge port.

**B** Consider palletizing cargo during transloading. To best use space in ocean containers, cargo is rarely palletized at the point of origin. Palletize during the transloading process to improve distribution center (DC) handling efficiency.

**Factor transloading into transit time estimates.** Unloading, handling, and reloading ocean container cargo near the port of discharge takes time. Allow up to three days to ensure customer delivery commitments are met.

**5** Ensure your cargo fits the bill. Transload operators charge additional fees for containers with more than a certain number of cartons. The additional costs for containers with several thousand small cartons could offset any transportation savings.

#### Ensure handling flexibility by making Customs entry at the

**port.** While it is a common practice to clear ocean containers at their final inland destinations, it is better to make entry at the port of discharge. This ensures maximum flexibility in handling cargo, and eliminates the need to move the shipment in-bond, saving additional costs.

Increase supply chain efficiency with merge-in-transit offerings.

This type of deconsolidation allows importers to combine products arriving in containers from different origins/shippers by transloading near the port of arrival into domestic trailers. And if importers source from domestic suppliers—who may also have product arriving via container—this cargo can be merged in transit to arrive together at the designated DC.

**Output** Use transloading to expedite delivery to final destination. Transloading near the port of discharge provides the flexibility to bypass DCs and speed delivery to the end customer. The reduced DC handling charges and improved time in transit can help trim supply chain costs.

Avoid costly containers. Instead of shipping less-than-containerload, 20-foot, or light-loaded 40-foot containers from multiple overseas vendors to your inland DC, ship fully loaded/optimized containers to a single container freight station near the port of discharge. From there, they can be transloaded, merged in transit with other inbound cargo, and shipped to the final destination using the transport mode that best fits the importer's needs.

**Set up transloading programs in advance.** Having your service provider involved in coordinating with the origin forwarder translates into better service levels and reliability.

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PROFILE

Michael Smyers is associate director, logistics, at Amyris, a manufacturer of chemical products and transportation fuels made from renewable resources, based on an industrial synthetic biology platform. Smyers has worked at Amyris, in Emeryville, Calif., since 2010.

#### RESPONSIBILITIES

Global logistics, trade compliance, and sourcing.

#### EXPERIENCE

Internship, TranzAct Technologies; several operational and managerial positions culminating in vice president, Allyn International Services.

#### **EDUCATION**

Penn State University, B.S., business logistics. Certifications: Northwestern University's Kellogg School of Management, Supply Chain Management and Lean Six Sigma; Georgia Tech, Logistics Professional Series; GE, Supplier Six Sigma; Institute for Supply Management, Certified Professional in Supply Management; Council of Supply Chain Management Professionals, SCPro.

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# Michael Smyers: Molecular Logistics

HEN I JOINED AMYRIS IN 2010, THE COMPANY had just completed an initial public offering and was working toward commercializing its products. The logistics infrastructure needed to be built out, and my initial role was to develop and deploy a scalable solution.

Today, an ongoing challenge is striking the right balance between cost, speed, and flexibility as we bring new chemical and transportation fuel products to market.

We work with many contract manufacturers, and we're commissioning our own plant in Brazil. As new production sites come online and we enter new markets, it's critical that our logistics capabilities enable us to execute the supply chain strategy.

Many of our products are brand new molecules, so determining Customs classifications and identifying requirements for importing the product into other countries are two major challenges. For example, we might need a Certificate of Free Sale and Good Manufacturing Practice to sell cosmetics into the Association of Southeast Asian Nations member countries. Complying with complex and changing requirements is one of my key responsibilities.

In 2013, we plan to search for a transportation management system (TMS). We need to consider many issues: Should we host internally, or opt for a cloud-based service? Do we pursue a best-of-breed model, or use the TMS that comes with our enterprise resource planning system?

#### The Big Questions

### How do you recharge your batteries?

On weekends, I like to go hiking in some of northern California's wonderful national, state, and regional parks. I also enjoy listening to jazz.

#### Alter-ego dream job?

Professional baseball player. If we're talking about something I could actually earn a living at, I'd go into science or teaching.

#### Do you have a hidden talent?

Cooking. I picked up a few recipes and techniques when I was working in France. Good food and fresh ingredients are readily available in the Bay Area, so it's easy to try new recipes.

#### What's on your Bucket List?

Adding to the list of the United Nations Educational, Scientific, and Cultural Organization's World Heritage sites I've visited.

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What software best integrates our suppliers, logistics service providers, and carriers?

One of the scariest career decisions I've made was when I graduated from Penn State's logistics program and accepted a position with Allyn International, a boutique professional services firm based in Fort Myers, Fla. When I joined the company, it employed fewer than 15 people. I didn't know what opportunities I would find beyond the initial position, unless I made them for myself.

To help the company succeed, I put a lot of effort into continuing education, and

upgraded my skills in areas that would have the biggest impact for our customers. As the company grew and prospered, several opportunities arose. Among them was the chance to develop some novel logistics solutions for the wind energy industry.

Using Design For Six Sigma principles, my team worked with a customer to develop a reusable fixture for shipping turbine blades and tower sections from overseas suppliers. The fixture reduced logistics unit costs by stacking cargo on the vessels we chartered.

The design also enabled us to efficiently

transfer the cargo from a vessel to a truck or railcar, minimizing handling. To reduce reverse logistics costs, the fixtures were made to be easily disassembled at wind farm sites, then loaded into standard 40-foot containers for shipment back to the overseas blade and tower factories.

After working for 15 years as a logistics practitioner, I still get excited about my job. I'm looking forward to tackling new challenges at Amyris as we continue to innovate and provide renewable alternatives to petroleum-sourced transport fuels and chemicals.



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#### GREEN SEEDS

**Customized Distribution Services**, a provider of advanced logistics capabilities, processes, and solutions via distribution centers, implemented an energy monitoring system from Noveda Technologies at its Henkel facility in Breinigsville, Pa. The system provides immediate visibility into the energy the facility is expending by measuring minute-to-minute consumption patterns of natural gas and electricity. The system can also monitor water usage.

**UPS** deployed 40 new hydraulic hybrid vehicles – 20 in Baltimore and 20 in Atlanta. Developed by Freightliner Custom Chassis Corporation and Parker Hannifin, the package cars can achieve up to 35 percent improved fuel economy, and up to 30 percent  $CO_2$  emissions reduction over traditional diesel-powered vehicles that use automatic transmissions in stop-and-go applications.

#### SEALED DEALS

◄ J.B. Hunt Transport Services chose PeopleNet for its fleet-wide electronic on-board recorders and computers, and installed BLU.2 onboard computers in more than 2,300 J.B. Hunt trucks to date. All new trucks purchased by J.B. Hunt are fully equipped for their PeopleNet installation through factory pre-wiring and are activated prior to deployment to J.B. Hunt's service network.

Geodis Wilson, the freight forwarding and heavy lift division of the Geodis Group, was awarded a \$50-million contract by steel manufacturer Cimolai. Geodis Wilson will manage the transport of 16 lock gates, each weighing more than 4,000 tons, for the Panama Canal expansion.

ipsy, an online beauty site based in San Mateo, Calif., selected Saddle Creek Logistics Services to manage order fulfillment for its subscription program, which involves monthly continuity shipments of health and beauty sample products to subscribers. The 3PL assembles curated bags containing product samples, and provides packaging services such as rainbow-pack

assembly and labeling from its facility in Charlotte, N.C.

▼ Automotive manufacturer BMW selected Panalpina to manage its spare parts logistics operations in Brazil, including running a new distribution center there. Apart from services such as goods receiving, storage, order picking, and return goods handling, Panalpina is responsible for order management and spare parts deliveries within Brazil, as well as customs clearance for inbound shipments.

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#### UP THE CHAIN

James Orr was named to the new position of senior vice president, supply chain, and chief supply chain officer at Save Mart Supermarkets. His experience covers logistics and supply chain functions – transportation and inventory management, warehouse operations, forecasting, and customs compliance – during a career that includes



Sander Eth, a 24-year veteran of Staples, joined home furnishings and décor company Bambeco as senior vice president of supply chain. Eth heads the company's supply chain management,

and oversees warehouse operations, transportation, vendor compliance, and inventory management and replenishment. stints at JCPenney Transportation, Cost Plus World Markets, Signature Fruit, Tri-Valley Growers, and Ryder Systems.

Nortek Inc., a global diversified company with leading brands and technology-driven products and solutions for residential and commercial applications, appointed **Scott** 

**Campbell** vice president and chief supply chain officer. In this newly introduced position, Campbell is responsible for creating, driving, and implementing the company's global supply chain strategy at an enterprise level.

Freight brokerage firm and third-party logistics company **England Logistics** purchased certain assets of Portland, Ore.-based **Kampstra Transportation and Logistics**. The acquisition enables England Logistics to enhance service to brokerage customers in the Northwest and throughout the United States.

Third-party logistics provider **LeSaint Logistics** acquired **Chemical Logistics Inc.,** a specialist in chemicals warehousing and distribution. The acquisition gives LeSaint deeper penetration into the chemical markets, and increases the quality service offerings available to LeSaint and Chemical Logistics customers.

# recognition

▼ Home improvement specialty retailer The Home Depot recently gave two **Estes** entities **2012 Carrier of the Year** awards in their respective categories. Estes' Specialized division was recognized as the 2012 Direct to Customer Carrier of the Year, and Estes Forwarding Worldwide (EFW), was named the 2012 LTL Carrier of the Year. Specialized and The Home Depot piloted several programs last year that enhanced performance and provided



a wider range of customer delivery options. EFW earned the award for its outstanding commitment to customer service and dedication to the alliance between the two companies.

**Con-way Truckload** received the **2011 Lowe's Gold Carrier Award** for excellent operating performance, on-time service and reliability, and EDI shipment status compliance. Con-way Truckload achieved a compliance record of 99.5 percent last year.

Marcia G. Taylor, president and CEO of Bennett International Group, was named The National Defense Transportation Association's 2012 National Transportation Award winner. The award recognizes senior logistics and transportation executives who have made exemplary contributions to the industry.

Bell Carter Foods, the largest table olive producer in the United States, honored **Star Distribution Systems** as its **Service Provider of the Year** for the fourth consecutive year. Star Distribution provides Bell Carter Foods ambient warehousing, order fulfillment, and consolidated LTL transportation throughout the southeastern United States.

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# **CSCMP: Notes, Quotes, and Totes**

The 2012 Council of Supply Chain Management Professionals (CSCMP) conference in Atlanta was awash with new ideas and strategies, discussions of recurring economic and regulatory challenges, and examples of supply chain best practices.

Logisticians and supply chain practitioners on both sides of the supply/demand coin mingled within the expansive Georgia World Conference Center. Playing host to both CSCMP and the 26th annual International Air Cargo Forum & Exposition, this year's gathering provided a true intermodal experience that touched on many issues shippers and service providers are grappling with in a challenging global economy. Based on insights gathered from educational sessions, one-on-one meetings, and hearsay in the hallway, *Inbound Logistics* offers a man-on-the-ground perspective from this year's conference.

#### Supply Chain Labor Pains

While many conference attendees were attuned to the looming truck driver shortage, some also noted a talent gap in supply chain middle management. Some shippers are raising concerns with their service providers about the lack of experienced operations professionals.

Dr. Robert Lieb, professor of supply chain management at Northeastern University and

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by Joseph O'Reilly

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Joe Gallick, senior vice president of sales for Penske Logistics, addressed this challenge in their annual 3PL research study, summarizing data gathered over the past several years that speaks to issues of recruiting, training, and retention.

"From the C-level to distribution center workers, a tremendous amount of turnover is occurring in the business," said Lieb. "We're challenged to determine the root cause."

The seemingly simple problem is actually quite complex, explained Gallick. Third-party outsourcing was typically a matter of divesting tactical functions involving transportation and warehousing. The evolution of supply chain management in terms of technology and engineering requires more sophisticated skills. Universities have introduced supply chain programs that are producing future talent.

"3PLs now realize we can't wait until we have a customer, then source talent," added Gallick. "We have to invest in people up front. "I liken it to a manufacturing company," he continues. "What we produce and sell is an outsourced service, and the raw material we bring in is logistics talent."

Some of the perceived human resources shortfall may simply be a matter of education catching up with the swift pace of change in the industry. The past decade has been a revolution of sorts in that regard.

#### For supply chain professionals, CSCMP's annual conference offers a chance to catch up on the latest logistics trends and best practices.

Many 3PLs are working with universities to attract talent, and provide training, mentorship, and rotational work assignments—tools they need and a career ladder where they can rise within the organization. The talent gap may be more overt among smaller service providers that don't have the clout or connections to nurture and retain rising talent. Still, opportunities are emerging for companies to help young logisticians cut their teeth in the real world and add value to their organizations.

"Coming through school is a generation of professionals who have set their sights on the logistics sector, versus being pulled into it via other channels," said Lieb.

#### Predictive Analytics for Changing Times

Among the hot technology trends discussed at the conference was predictive analytics. Several companies mentioned the increasing importance of squeezing actionable information out of raw data, then using it to model or predict future supply chain events or actions. While demand forecasting is by no means a novel concept, shippers today possess infinitely more sources and information channels from which they can collect, digest, analyze, and disseminate data. Cloud

#### cscmp | Tracking Atlanta's History

The conference's host city began as a railroad crossroads, and commerce and culture sprouted up in support of this transportation link between Savannah and the U.S. Midwest. One of the Georgia World Conference Center's (GWCC) unique features is the CSX railroad tracks that run through the middle of the complex. There's nothing like exiting a session documenting the challenges and opportunities of intermodal transport to find a view of doublestacked containers sitting on the track below.

A short walk from the GWCC, running parallel to the tracks as they weave their way through downtown, is a historical placard marking the original site of Thrasherville, an 1839 settlement planned as the terminus of the Western & Atlantic Railroad.

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networking is predicated on this type of open sourcing that derives value from myriad inputs.

Technology companies are pioneering a path toward greater innovation in this area. LLamasoft, for example, has developed modeling software that allows shippers to envision how their global supply chains might look and operate given different scenarios, distribution and sourcing inputs, or total landed cost filters.

IBM is similarly looking at how to inspire "smarter commerce" by identifying data patterns and optimizing processes. This capability is especially relevant as companies look to mine more intelligence about their supplier networks, and identify problems before they occur.

3PLs, too, are playing the predictive analytics game. Take Coyote Logistics, for example. Its technology is sophisticated enough that it can aggregate data

across customers to identify lane pricing shifts, find capacity in a customer's private fleet and broker it out, and provide value beyond transactional brokerage operations.

With more accurate and objective data coming from myriad internal and external sources, companies can plan and strategize better, which directly feeds their ability to respond to demand and execute more efficiently and economically.

#### **Air Freight Meets Oktoberfest**

As media briefings go, sitting around a large oak table with German beer flowing in tune with a Bavarian polka band is as original as it gets. Joining a dozen or so nattily dressed European airfreight executives and journalists offsite at Der Biergarten restaurant presented an up-close and personal perspective of where the global air freight industry is trending from a continental perspective. Lufthansa Cargo Chairman Karl

Ulrich Garnadt and Oliver Evans, chief cargo officer for SwissWorld Cargo, demonstrated the collaborative spirit and effort that is enabling carriers to withstand unsettled market conditions.

Global markets are soft, and there is exposure to pure freighters that don't have the capacity to shift and scale cargo with passenger aircraft, but industry has not yet hit crisis mode, explained Garnadt. Security remains a foremost challenge, and while the industry as a whole has made great strides synchronizing standards and regulations, gaps remain-notably U.S. efforts to apply passenger security measures to cargo.

The airline industry also faces the task of upgrading "stone-age IT systems in parts of the network"-a foremost objective of the global e-freight initiative, in which Lufthansa has taken a leadership role.

Garnadt sees regular seasonality coming

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back at lower volumes, largely driven by Asia-Europe trade. But in terms of managing variability, "we have to plan and forecast month to month, reduce freighter capacity 20 percent certain weeks, for example, and work three to four weeks out," he added.

Carriers in the Lufthansa Cargo Group – which includes SwissWorld Cargo, Brussels Airlines Cargo, and AeroLogic – are actively managing capacity to maintain load factors and react to changing markets and demand patterns.

Targeting new markets to grow into, where pure freight volumes are steady, has been a point of emphasis for the group. Brussels Airlines, for example, has seen steady progress in its services to Africa, where load factors are consistently greater than 90 percent. Lufthansa has also added to its Americas network with services to Detroit and Montevideo, Uruguay, and has benefitted from vertical-specific lanes such as Houston to Manchester, England, where oil field and engineering equipment is Scotland-bound.

Commenting on North American growth efforts and a struggling euro, SwissWorld Cargo's Evans commented, "We are happy when they are performing well, because that translates to dollars."

#### **Conference Takeaways**

Here are a few more observations from the conference floor:

This year's attendees were noticeably younger, indicating a generational transition in the logistics

#### CSCMP Lost In Transshipment

Every year, CSCMP and conference sponsors provide attendees with a handy briefcase to tote conference information, notes, brochures, pens, and other necessities. Unfortunately, this year's bags never arrived – they were on a ship delayed at sea. Talk about managing supply chain exceptions. In their stead, garden-variety, vanilla-colored shop sacks filled the bill.

One item would have been a welcome souvenir from the conference – held during three days of consistent rain: an umbrella. Its absence was a missed opportunity that speaks to a failure in demand forecasting.

sector. With many universities now offering undergraduate and postgraduate curricula in myriad supply chain disciplines, there has been an expected swell in the number of students and industry newcomers attending the conference. This can only be seen as a positive.

■ The green movement may be losing its buzz. Many shippers and service providers remain committed to sustainability initiatives and investments. An abundance of case studies and testimonies attest to that fact. Nonetheless, sustainability presents challenges in creating standards and measuring performance beyond the corporation, within the extended supply chain, between verticals, and, most importantly, across borders.

While industry at large has demonstrated a business value proposition for reducing waste and becoming more fuel efficient, what's the next step? Until companies can tie ROI value to green efforts upstream and downstream in the supply chain, the movement will remain muddled

#### cscmp | Industry Perspective on Partnership

The term "partnership" is liberally and sometimes aimlessly bandied about without really appreciating its true meaning, noted Don Rendulic, director of marketing and communications for third-party logistics provider GENCO.

With regards to contractual obligations between 3PLs and customers, partnership exists when both parties have a vested interest in each other's success and failure. It's not an either/or condition where one loses and the other wins. Rather, partnership implies a mutuality that thrives on open communication and trust. in "green tape." Only when sustainability becomes a mark of supply chain excellence – and companies across the supply and demand divide are measured accordingly—will we see a true revolution.

■ Mobile technology is radically changing how people network, for better and worse. Between sessions, nearly everyone had their head bent over a laptop or smart phone—either communicating with the office, reading and responding to emails, or filling the idle ennui that inevitably passes during breaks. An obvious upside exists to communicating remotely in real time, but there is also a disadvantage: the art of communication and networking lags. As one peer noted, gone are the days of chatting with fellow attendees while waiting in line for the pay phone.

■ The term 3PL is blurring beyond recognition. The industry is flooded by companies that now tout third-partylogistics-type capabilities – whether they fit the traditional mold or not. IT companies, freight brokers, consultants, and freight bill audit providers fill execution needs to different degrees. Mining data – and having talented logisticians to analyze that intelligence – is key to demonstrating value as part of continuous improvement-driven partnerships.

The ability to capture, interpret, and act on this information is what enables others to play in the 3PL space. Soon enough, if not already, companies with proprietary technology and a skilled team of "executioners" will be touting themselves as asset-based 3PLs.

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### U.S., China Consider Joint Logistics Response Partnership

Sometimes shared pain, or even altruism, can create unlikely allies. U.S. and Chinese officials plan to discuss the possibility of combining logistics resources during counter-piracy, humanitarian assistance, and disaster response missions. The United States officially extended an invitation for a team of senior Chinese logisticians to visit Washington in early 2013 to explore a first-ever logistics cooperation agreement between the two countries, according to Air Force Brig. Gen. Mark M. McLeod.

If adopted, the arrangement would enable the United States and China to share fuel, food, supplies, and even vessel parts to support their joint operations. Such an arrangement has been floated in the past, but didn't gain traction because of strained U.S.-China relations. Now the timing may be right as both countries look for ways to strengthen their military-to-military relationship. These developments are important building blocks toward closer logistics collaboration that enables regional nations to partner together and respond more effectively to natural disasters and other contingencies, says McLeod.

"As China transitions from an internal defense-focused military and begins to push off its shores and take on more regional security roles, it is finding its logistics chains strained," he adds.

A potential military logistics agreement with the United States presents a major upside for China. The country stands to acquire expertise and developing infrastructure that may prove helpful elsewhere in the commercial sector as the country manages some of the growing pains in its rapidly expanding economy. And it offers another platform for China and the United States to come together and consider new opportunities beyond humanitarian aid and counter-piracy activities.

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### Canadian Carriers Call for More Transportation Infrastructure Spending

The United States isn't alone in dealing with major transportation infrastructure gaps that sap the vitality of over-the-road commerce. The Canadian Trucking Alliance (CTA), a Toronto-based federation of provincial trucking associations, recently sent its federal government a yearly infrastructure improvement wishlist it hopes will promote a safer and more efficient trade flow.

Submitted by 4,500 motor freight carriers and compiled by the CTA, the list includes roads, bridges, and border crossings that Canada's trucking companies consider in dire need of improvement.

Increased transportation infrastructure spending could help ease traffic delays on Canada's highways.

"No one better understands the state of Canada's aging infrastructure than the people who use the highways, bridges, and border crossings every day," says David Bradley, CEO of CTA.



Though Canadian carriers hope the listed improvements will be considered, the uncertainty of current economic times means there is no guarantee they will come to fruition. Judging by the fact that the majority of last year's suggested projects have now been reinstated on the 2012 list, Canadian carriers and shippers may

see their needs go wanting absent new funding sources.

Bradley says the list is simply a guide to aid the government in its strategic framework and deciding where to make infrastructure investments.

"It would be wise to consider the suggestions of those who see firsthand where possible improvements make the most sense and provide Canadians the biggest bang for their buck," he concludes.







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# CARRIERS CORNER



BY PABLO CIANO Chief Information Officer, DHL Express cs.customerservice@dhl.com | 800-225-5345

# International Shipping: Moving at the Speed of Technology

ew technologies for planning, managing, tracking, and securing shipments are continually evolving. With new digital options always just around the corner, organizations of all sizes must stay informed of the latest advances.

When it comes to international shipping, technology is especially important – not only because tremendous growth is expected, but also because the processes involved are more complex, and therefore demand more elaborate solutions.

For example, because the United States has established free trade agreements (FTAs) with Colombia, Panama, and South Korea, removing high tariffs and regulatory barriers, U.S. businesses now have a powerful opportunity to buy and sell products with new partners.

#### Ready, Willing, and Able

Taking advantage of FTAs and other global trade opportunities requires organizations to move efficiently; understand country of origin requirements, classifications, and regulatory and security issues; and ensure they have logistics partners in place to guarantee end-toend support. Technology is critical, and companies should evaluate the solutions they and their logistics partners employ. As companies prepare to expand their global supply chain operations, focusing on the following four areas is key:

**1. Automation.** Many carriers offer automation services designed to make international shipping fast and efficient. These online tools help organizations understand and plan for Customs requirements and costs. They may provide country-by-country cost comparisons, detailed cost estimates, shipment documentation forms, information about trade regulations, and applicable licensing requirements.

General automation preparation tools are also useful, including city and ZIP code matching tools and address validation. Businesses looking to grow their international footprint should ensure their carriers stay ahead of the automation curve, prioritizing data quality and interface functionality.

**2. Security.** Keeping shipments secure and safe, and prioritizing compliance with international airport and port security requirements, demands

best-in-class technology and processes. Organizations need to understand how their carriers approach security processes, including the types of screening technology they use, how they monitor shipments in transit and in service centers, and how they train their staff to manage security processes and technology.

**3. Sustainability.** Shippers should examine every aspect of the logistics process for eco-friendly options, including their carriers' paper-saving and recycling practices.

4. Transportation. While the latest Web-based tools can launch international businesses on the path to success, companies will not get far without oldfashioned transportation know-how and infrastructure. When evaluating carriers, organizations must understand the scope of their international reach, including the specific areas where they ship, and the routes they can take in case a natural disaster or political crisis causes shipments to be diverted.

Ultimately, as technologies are improved and refined, international logistics will adapt and thrive. Making sure your business is adapting as fast as possible means that your organization and logistics partners must constantly move at the speed of technology.







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# 4 Steps to Reducing Emissions in the Supply Chain

usinesses around the world have increased efforts to manage and reduce their carbon footprint. These companies also realize that carbon management in the supply chain is an essential capability—the next great step in reducing greenhouse gas (GHG) emissions.

By collaboratively engaging with their supplier networks, companies can mitigate GHG emissions and improve supplier relationships, while boosting efficiency and reducing costs.

Here are four essential steps for achieving this goal:

**1. Build on communications to deliver performance.** Communications are important to convey a company's intentions, as well as its commitment to sustainability. Companies that openly and transparently report significant emissions reductions and quantifiable savings are far more likely to not only meet their sustainability targets, but also get credit from stakeholders for doing so.

**2. Set the right targets.** Companies and their suppliers should distinguish between absolute emission reduction targets—those based on a year-over-year decline in overall emissions—and intensity reduction targets—those reflecting emissions per unit of product or sales. Absolute emission reduction targets may initially appear to be more desirable because climate change will continue even if emissions per unit of product sold declines and a company just manufactures more product. But companies can meet absolute targets by selling emissions-intensive operations or through outsourcing. Intensity targets, on the other hand, factor in real growth and emissions performance.

**3.** Integrate information management into sustainability initiatives. Companies should link existing IT systems to carbon management and other sustainability initiatives – not only to monitor their own progress, but also to help suppliers meet stated objectives. Integrated information management guides risk assessment, and helps ensure sustainability performance within required tolerance levels.

This becomes especially important as the level of knowledge about GHG emissions – and the opportunities for improvement – increase each year.

BY GARY HANIFAN

4. Focus on performance improvement, not compliance. Companies that move beyond compliance and risk mitigation to identify opportunities for improvement are far more likely to engage and collaborate with suppliers. Companies that succeed in this area will invest in partnerships with suppliers; explore new business models with them, including the important and growing eco-friendly consumer niche; and work in concert with suppliers to build a business case centered on sustainability.

#### **Steps in the Right Direction**

By using the right metrics for carbon management, making better use of information, and improving communications with suppliers, companies can help make carbon emission reductions a key element of competitive differentiation for themselves and their suppliers.

Companies are under tremendous pressure to improve the effectiveness of carbon management in the supply chain, and those that move forward with a comprehensive plan can seize a valuable opportunity for leadership and profitable growth.

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BY LORCAN SHEEHAN Senior Vice President of Marketing, ModusLink lorcan\_sheehan@moduslink.com | 781-663-5000

3PL LINE

# Holiday Rush Planning: How to Mitigate Risk in a Volatile Market

n today's globalized supply chain, extended manufacturing and transportation lead times dictate that retailers complete most holiday season planning in June and July. These plans are based on the best available intelligence at the time, including consumer forecasts, retailer promotions, and the competitive landscape.

Within the build window for seasonal holiday demand, the industry is particularly sensitive to potential demand shocks in the system. A prime example occurred in September 2008, when original equipment manufacturers (OEMs) and retailers were preparing for another busy retail season.

Although there had been signs of a slowdown in growth, nobody was prepared for the dramatic drop in consumer confidence that followed the Lehman Brothers collapse. Supply was essentially fixed for the season, but consumer demand diminished in the new environment of economic uncertainty. The only response to this imbalance was deep discounting at OEMs and retail stores in an effort to move the excess inventory.

#### Lessons Learned

From that experience, businesses learned a number of lessons about mitigating supply chain risk, including: ■ Increase collaboration between retailers and OEMs. Both parties now realize the benefits of closely aligning forecasts and promotional plans with key suppliers and channel customers. Following the 2008 fallout, some retailers looked to reduce their in-store brand range, allowing them to work more collaboratively with fewer, larger suppliers.

■ Migrate from point estimates to range forecasts. While planning systems thrive on the detail associated with an absolute forecast, such estimates are often wrong or just plain lucky. Working with frequently updated range estimates provides more intelligence on the expected minimum demand levels, and the flexibility levels required to meet potential peaks in demand.

■ Postpone final assembly. Many companies have seized upon the benefits associated with postponed final product assembly and packaging. This has the effect of reducing planning process

complexity—as well as overall inventory levels required—and improving supply chain response time to changes in the channel mix.

■ Tackle product proliferation. When companies create many product variations, they often seek innovative ways to support them through postponement and managing inventories across multiple channels, frequently supporting additional variations and accessories through complementary online channels.

■ Address value-recovery channels proactively. At the end of a product's lifecycle, it is too late to attempt to find a home for excess inventory. Many brands now embrace the concept of a controlled secondary market for their excess or refurbished products, and proactively move excess product into these channels as soon as it becomes evident that initial forecasts are unlikely to materialize.

#### **Diligence and Agility**

These practices do not eliminate the need for diligence in the planning cycle. But they do increase the level of agility with which businesses can adapt to changing forecasts—and every company can benefit from that.

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BY JAY MORIS Co-president, Invata Intralogistics jay.moris@invata.com | 860-819-3200

VIEWPOINT

# Sorting Out Savings Opportunities in Your E-Commerce Warehouse

he continuing growth of e-commerce has created challenges for distribution centers (DCs). Parcels are smaller, lighter, and harder to handle on the same conveyors and sorters. And shipping and logistics firms have amped up the pressure, adding dimensional charges as a penalty to those that ship lightweight goods.

But from the shipper's perspective, the less efficient the package utilization, and higher the void fill content, the greater the impact of additional, nonvalue-added costs such as increased labor, delayed shipments, chargebacks and assessorial charges, and additional space required in the DC-resulting in higher infrastructure costs and increased carbon footprint.

E-commerce customers typically want faster deliveries; environmentally conscious, appealing, and undamaged packaging; the occasional added-value or gift packaging; and free shipping. More than half of customers abandon shopping carts when faced with high shipping costs.

Taking control of your sortation, packaging, and shipping processes can help achieve the following goals:

■ Increase customer satisfaction. Right-size your packages. Reassessing and re-engineering your packaging process may allow you to select smaller cartons, standardize packaging, and leverage automated scanning to ensure customers receive the right package—on time, every time. Don't overlook the growing importance of using attractive, environmentally responsible packaging materials.

■ Reduce packaging costs. Use cartonization strategies and software to create smaller boxes and more sustainable packaging. Integrate the software with your packaging process and order and inventory management so you're able to take advantage of smaller cartons and cubes, and reduce parcel size.

■ Decrease labor and increase throughput. By optimizing its sortation system, one retailer cut per-package labor from 62 cents per package to three cents. And a food manufacturer was able to double throughput and reduce shrinkage in its warehouse while eliminating outbound shipping errors entirely.

■ Reduce freight, sortation, and shipping costs. Take advantage of

reduced carton dimensional charges. A single sheet of paper can change the shipment's freight class. The actual weight registered by in-motion scales and validated by in-motion scanners eliminates chargebacks for incorrect weight, and can substantially reduce the direct and indirect costs of resolving excess weight charges.

Keep in mind that eliminating package surcharges and assessorial charges can yield a 30 percent or greater savings on annual shipping spend. One retailer combined these savings with an innovative new shipping alliance to reduce the cost of shipping each package by more than two dollars. Not bad when you consider the retailer was shipping up to 10,000 packages every hour.

Consider rate-shopping carriers with real-time transportation management system integration. Automate hard-tohandle products with new sortation technologies to reduce labor. And by changing package size (carton to parcel), evaluating carriers and shipping methods, and lowering weight, your products can qualify for drastically reduced rates. In a higher volume operation, the impact can amount to millions in expenses avoided and profits recaptured.

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#### BY STEVE BIONDI President, North American Operations, Micro Focus steve.biondi@microfocus.com | 203-231-4131

**IT MATTERS** 

# Embarking On an IT Modernization Journey

lanes, trains, and automobiles represent just a few possibilities to consider when moving an object from Point A to Point B. To secure a competitive advantage, shippers must ensure the transportation services they buy are safe, modern, reliable, and competitively priced.

Many transportation providers have realized these goals by investing in an information technology (IT) infrastructure that optimizes core systems workloads, and hones in on an application mix for business efficiency, ultimately ensuring that value and reliability are passed along to shippers.

Maintaining a mainframe environment creates significant ongoing costs to support the necessary hardware, third-party software, maintenance, and facilities. Modernizing these critical mainframe systems can seem like a scary endeavor involving a lot of time, cost, and risk. But when approached in the right way, updating them can prove manageable, and bring great business benefits.

#### Assess First, Act Later

Before committing to a mainframe modernization project, it is imperative to first assess the IT portfolio. This provides a comprehensive view of the IT environment, making it easier to determine not only what is already fit for purpose today, but what areas are ripe for optimization. When evaluating existing applications, IT and business analysts must review metrics such as value, cost, strategic fit, redundancies, and dependencies.

Once these factors are evaluated, companies can consider modernizing application development, testing, capabilities, and underlying platform.

#### Taking the Leap

Class I railroad Kansas City Southern Railway (KCS), for example, elected to re-host its five core applications on a Linux platform to ensure the best application and platform mix was in place. In addition to saving \$1 million in the first year, KCS reaped the benefits of its architectural strategy, and was able to improve its disaster recovery system, increase operational efficiency, and derive more value from its core system. This has allowed KCS to deliver great results to shippers.

Motor carrier USA Truck Inc. also wanted to retain a competitive advantage by offering shippers an effective way to optimize internal IT operations. Having recently implemented new technologies such as satellite equipment tracking and close integration through third-party partners, USA Truck needed a quicker way to report and assess critical business data. By moving a substantial amount of the mainframe workload to a virtualized server, USA Truck realized significant cost savings and improved its reporting and business intelligence capabilities.

This modernization project also made USA Truck less dependent on already sparse mainframe skills, which, in turn, made it easier to recruit IT talent.

In the transportation industry, delivering customer satisfaction is key. This means providers need to be flexible and reliable—providing unfettered access to core business services and adapting to deliver what end users need. As KCS and USA Truck illustrate, the IT modernization process can help transportation providers serve shippers with unparalleled speed and cost efficiency.

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# Expedited Transport: It's All in the Timing

Once cost-prohibitive for all but the most time-sensitive rush deliveries, today's expedited services help shippers balance their need for speed with cost-effective solutions.

by Lisa Terry

elivery windows may vary, but expedited transportation providers serve a host of shippers whose need for speed renders regular, scheduled services inadequate. While the word expedited may bring to mind urgent, last-minute transporoften are turning to available corrise as part of their supply

tation, shippers often are turning to expedited service as part of their supply chain strategy, and not just because of their products' properties.

Expedited service is increasingly acting as a supply chain problem-solver. Its ability to deliver benefits such as lowering inventory carrying costs and adding flexibility to production planning can sometimes negate the higher cost. Logistics service providers are enabling this trend by creating a range of new options, from expedited ocean to two-driver ground services. "Any solution that cuts the transit time from origin to destination is an expedited business model," says Cameron Holzer, president of team-driver truckload carrier CRST Expedited, based in Cedar Rapids, Iowa.

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Traditionally, certain industries were established users of expedited services because they ship perishable items such as fresh fish, pharmaceuticals, and medical tissue samples. Critical documents and parts are also sometimes considered urgent.

Today, however, the list of products routinely shipped via expedited transportation has expanded considerably. Expedited services are now being used for e-commerce, seasonal and fashion goods; high-tech products; laboratory specimens; produce; energy; and manufacturing materials.

More shippers are using expedited because it has evolved from its days as a super-premium service. Expedited air and ground carriers have discovered opportunities to offer services that help shippers balance speed and cost. For example, in early 2011 UPS began offering a Preferred Less-Than-Containerload (LCL) service from Asia to the United States. The service currently includes 26 Asian ports, and can be faster than traditional ocean service, and less expensive than air freight. UPS collects cargo from shippers' suppliers in Asia, then consolidates it with regular LCL shipments for sailing. After arriving at a West Coast port, Preferred LCL shipments move through the same expedited UPS North American ground network used for airfreight shipments, trimming eight to 16 days from typical transit times for East Coast deliveries. The service, which uses a simplified zone pricing matrix, has experienced a 40-percent increase in shipments over the course of one year, and may expand to Mexico.

### **Right on Schedule**

Another example is AirNet Cargo Charter Services' Scheduled Package Delivery, which allows shippers to book expedited, scheduled charter service at about 60 percent less than the cost of a standard charter. Columbus, Ohio-based AirNet finds other shippers to share the flight, and the anchor shipper gets a share of the revenue.

Less-than-truckload (LTL) service

providers are also stepping up their expedited game. YRC Freight, an LTL carrier based in Overland Park, Kansas, recently optimized its network to require fewer touches and cut at least one day of transit time in hundreds of lanes. New load plans and distribution center guides ensure its expedited, time-critical cargo is tail-loaded and processed quickly. The company also facilitates expediting by enabling shippers to simply indicate the service desired on the shipment's bill of lading, as an alternative to regular booking processes.

These services give shippers new options amidst a general trend toward mode shifting, driven by issues such as high costs and fuel surcharges, heightened security requirements, reduced capacity, and delays and congestion.

"Every transportation and supply chain manager is trying to mode-shift," says John Hill, executive vice president of sales for freight forwarder Pilot Freight Services, Lima, Pa. "If they're using two-day service, they want three-to five-day. If they're using



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YRC Freight's Expedited Time-Critical Service includes guidelines that facilitate quick shipment loading and processing.

next-day, they want second day." Yet their urgency doesn't change, making new expedited offerings a welcome development.

For many shippers, a guaranteed delivery time is a major benefit of expedited. Retail suppliers must hit tight delivery windows; the additional cost of an expedited



service with a guaranteed delivery time can easily offset the cost of chargebacks for missing a delivery promise.

Shippers also frequently need expedited service to coordinate with promotions or speed time-sensitive goods to market for seasonal pop-up stores, trade shows, or sporting events. Demand for championship-themed sports merchandise, for example, rapidly fades from its peak immediately after the win. Knowing when the goods will arrive is paramount.

"The more consistent delivery we provide, the more the mode becomes invisible," says Andy Huckbody, vice president of UPS Ocean Freight.

Expedited services also tend to involve more people and fewer touchpoints, so delicate or sensitive items receive better handling. In some sectors, such as electronics, shipping cartons are displayed on the store floor and cannot show the wear and tear of travel. "Consumers want a pristine package," notes Hill.

### **Expedited Evolves**

New expedited services also have a profound effect on shippers' supply chains.

"For many shippers, using expedited has become a planned event rather than an emergency solution," says Rick Mathews, vice president of expedited services and customer service, YRC Freight. Shippers can spend more time on processes such

# Speeding Cell Phones to Market

Cell phone sales are all about the latest technology. Even when a particular model fails to catch on with the customers of major carriers such as AT&T and Verizon, distributors snatch up leftover lots from the manufacturer or carrier and sell the phones to others – typically smaller carriers serving rural regions. But before they can re-enter the market, the phones need new software, branding, and packaging.

That's where Conversa Solutions comes in. The four-year-old Auburn Hills, Mich., company performs those services on the distributor's behalf, then ships the phones directly to the distributor's customers, such as rural carriers. Time is of the essence. "Rural carriers are eager to get the latest Verizon technology, even if it is six months old," says Robert Reed, Conversa CEO and president.

Conversa plans its operations to perform much of the work early in the week, then turns shipments over to YRC Freight's Time-Critical Service. Because the service moves on weekends, it can pick up shipments on Friday, then deliver them on Monday to many of Conversa's customers.

For those farther away, Conversa aims to ship on Thursday for Monday delivery. "Our customers are often surprised when they receive shipments the next business day," Reed says. The cost is comparable to regular LTL service, and much less than the second-day air otherwise required to meet those parameters.

Because the shipments are highvalue, Conversa works with YRC to meet customers' security requests, from palletizing and black shrinkwrapping, to dividing out trailers and locking down shipments until the customer breaks the seal.

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as analyzing the latest demand signals to shape production, or take extra care with quality control, knowing they can expedite delivery.

"Shippers may pay more, but the savings from the larger supply chain window exceeds the cost," he adds.

Another factor is inventory carrying costs. The faster a product gets to the marketplace, the less time it spends on the books. "Shippers need to evaluate slower transit times and their impact on inventory carrying costs," advises Huckbody.

He cites one recent expedited move that makes the math quite clear. A 250,000pound part from a nuclear reactor in Portland, Ore., needed to be delivered to Charlotte, N.C., for service. It cost \$1 million each day the reactor was down waiting for the part. The time saved offset the \$400,000 cost to charter a plane for the move instead of going over the road.

In addition to bolstering just-in-time inventory strategies, expedited service helps support replenishment strategies when goods prove to be big sellers. CRST



Expedited has seen increased demand for shipments moving directly from ports to customer locations, although most of its full truckload shipments still move through

### Shipper demand for cargo visibility prompted Southwest Airlines Cargo to introduce shipment tracking devices.

distribution centers.

"Some shippers use UPS Preferred LCL service to feed their supply chains weekly," says Huckbody. "They have multiple preferred LCL shipments from various origins, and suppliers that are not big enough for full containers but need expedited shipping."

That arrangement works particularly well when shippers have new suppliers or locations to support. Shippers embracing the service include those in the industrial, automotive, consumer products, and hightech industries.

Regulation is also driving increased use of expedited. In the past, shippers could recognize revenue from a sale by shipping it, but the Sarbanes-Oxley Act of 2002 requires that a shipment be received and signed for by the customer. Pilot has experienced an uptick in expedited shipments at quarter- and year-end, as a result.

(continued on page 42)

EXECUTION *is* EVERYTHING



UPS Preferred Less-Than-Containerload service collects cargo from shippers' suppliers in Asia, then consolidates it with other LCL shipments for sailing. After arriving in the United States, the freight moves through the UPS ground network for delivery.

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# Kencoil Counts on Next Flight Out

Productivity takes a huge hit when machinery goes down. That's why industries such as electric power generation, petrochemical refining, and paper and pulp depend on Kencoil, Belle Chasse, La., to quickly manufacture custom electric motor coils that get equipment back in action. And that's why Kencoil relies on expedited shipping-typically air-to move those coils to customers as fast as possible.

"We run 24/7," says Derrick Gervais, Kencoil's materials supervisor. "If a shipment is ready at 3 a.m., we take it to the airport."

Kencoil, which serves manufacturing and repair facilities across the United States, as well as in Central and South America, includes in its fees the cost of shipping to the closest major airport, where customers either meet the flight or arrange courier service to their facilities. That makes it critical that customers have full visibility to their shipments; no one wants to wait at the airport for hours.

"Customer expectations about shipment tracking have

increased," Gervais says. "They need to know their shipment status so they can line up a crew, even late at night."

Speed, reliability, and careful handling are also essential to deliver the heavy, but delicate, copper coils to their destinations. Kencoil typically relies on passenger airlines, primarily Southwest Airlines Cargo. To accommodate the carrier's 200-pound-per-carton weight limit, Kencoil breaks orders into multiple packages, and surrounds the coils with spray foam and tubes to protect them during transit.

That protective packaging makes shipment tracking all the more challenging. Because a single order may comprise as many as six cartons, a shipment could be divided among routes.

Gervais credits Southwest with adapting quickly to meet these types of shipping challenges. "Build relationships with the expedited carriers you use," he advises. "Know their processes and limitations. The more your carrier understands, the better it can meet your needs."

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**Ryder** execution *is* everything



### (continued from page 40)

Shippers continue to expect freight status visibility, particularly for urgent cargo. Carriers are complying by investing in technology.

For example, in July 2012, Southwest Airlines Cargo, based in Dallas, introduced wireless asset-tracking devices that monitor cargo location, shock, light, temperature, pressure, and humidity during transit. The devices collect data every 10 seconds, but can only transmit when on the ground. Cargo airlines typically permit customers to embed these devices, but don't provide them.

The service has appealed to shippers of high-value life science products and perishables, who use the environmental data to ensure they are properly packaging future shipments for in-flight conditions.

# **Celebrating Expediency**

Creating excitement around its product line lies at the core of direct-seller Celebrating Home's business model. The company unveils a new catalog two to three times each year. When its 40,000 independent agents' sales events begin, it is critical to get products to customers as quickly as possible. The company promises to deliver products within nine days of ordering.

Each catalog issued by Marshall, Texas-based Celebrating Home features about 750 products, from small furniture to in-home décor items, sourced from a variety of suppliers throughout Asia. The company primarily ships full containerloads of new products to its 600,000-square-foot distribution center in Marshall two to three months before a new catalog launches. It then ships all products directly to customers.

As it was preparing for a recent sales rally in Dallas, Celebrating Home needed 10 samples of about 50 new products, coming from 15 to 20 different manufacturers in Asia. The company decided to try the new UPS Preferred LCL service.

"In the past, we were forced to ship these products via air freight to receive them in time," says Tom Walburgh, former director of supply chain management for Celebrating Home. "In this case, UPS Preferred LCL fit our needs because we were shipping smaller quantities, not full containers. Additionally, we were working under a tighter timeframe than usual-but not so tight that we needed to use air freight."

UPS collected the shipments directly from vendors, transported them to the port, and ultimately delivered them to Celebrating Home's corporate office. The items arrived in three weeks, versus the four it would have taken via standard service, at an estimated 50- to 75-percent savings over air freight.



"Going forward, we are examining the continual use of Preferred LCL for items that need to be expedited, but do not require the speed of air freight," Wallburgh says. "This could prove particularly useful for products that sell better than anticipated and require restocking in a hurry."

Celebrating Home ships products direct to customers from its distribution center in Texas. It is exploring the use of UPS' Preferred LCL service for items that need to be expedited, but don't require the speed of air freight. Location tracking has also been a draw for the new service. "Some shippers have not been able to use any commercial passenger carrier because robust tracking data was not available," says Wally Devereaux, director of sales and marketing for Southwest Airlines Cargo. "The devices allow us to provide that capability."

On the ground, shippers are asking for more frequent shipment location and delivery updates to accommodate just-in-time inventory strategies, prompting carriers to build in additional checkpoints.

Unfortunately, shipper expectations about technology sometimes exceed their own capabilities. "Service providers are willing to offer extensive IT resources," says Hill. "The challenge is getting shippers to dedicate resources to logistics and transportation, so they can receive and act on information such as tracking alerts."

AirNet is considering RFID to perform functions such as tracking location, performance, and execution; creating manifests; and controlling routing.

"When you add an RFID tag in the package, and readers to the network, you can achieve impressive results," says Frank DiMaria, senior vice president of sales and marketing at AirNet. For example, a pilot can instantly confirm that the loaded cargo agrees with the manifest, and ensure routing errors are corrected before they occur.

### **Expedited Enhances Security**

Expedited freight equates to urgency, and some shippers view security processes as an obstacle to speed, particularly for air cargo. While some air carriers have devoted considerable effort to streamlining security processes, other expedited modes often tout their ability to move goods without the known shipper lists, screenings, and associated earlier cutoffs required for passenger airlines accepting cargo since the terrorist attacks of Sept. 11. Cargo-only modes also have more latitude to move certain sensitive goods. AirNet, for example, is authorized to handle radiopharmaceuticals.

Shippers are growing increasingly sensitive to the processes and conditions their expedited shipments will experience

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as they move through the supply chain. Shipments may require features such as cameras, access control, and cleanliness and handling process guidelines. Pilot is investing in equipment so it can perform security screening, build its own containerloads, and co-mingle freight before tendering it to air carriers.

In fact, the transit speed, reduced touchpoints, controlled networks, and extra personnel often associated with expedited services inherently enhance security. CRST Expedited adds to those benefits by putting two drivers in its trucks. This not only enables faster delivery times because the vehicle can always be moving, but also allows someone to be in the truck even when it is stopped, reducing theft risk. The company added an expedited Temperature-Controlled Team Service to extend the same parameters to perishable goods.

### Getting the Best of Expedited

Carriers are crafting niche expedited services when they see an opportunity to fill unmet shipper needs. For shippers, it pays to carefully examine providers' offerings to ensure a fit — and speak up when it's not quite right. Here are some strategies to find the right expedited solution:

■ Collaborate with carriers. "Shippers who allow full transparency receive the best results from expedited services," says Hill. "They need to tell providers about their business, customers, and locations, so they can develop the best solution."

■ Make your own assessment of expedited services. Marketing materials, industry ratings, and checklists are not enough. More shippers are making the effort to evaluate expedited carriers' facilities and operations firsthand to ensure proper conditions for their critical goods. Be aware that industry data can sometimes be deceiving. For example, the U.S. Department of Transportation's Compliance, Safety, Accountability scoring evaluates CRST Expedited's two-driver model by the same method as solo-driver carriers, giving potential users a false impression of the drivers' efficiencies.

■ Base vendor selection on your specific lanes and needs. Overall performance is immaterial if the expedited carrier doesn't demonstrate a strong track record in the lanes or services your company uses. Know your key performance indicators, and build them into contracts.

By using new technical capabilities, meeting evolving market conditions, and taking a creative approach to combining services, expedited transportation providers are continually developing new solutions to meet shippers' need for efficient and cost-effective expedited services.



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# SHOLDAY SOCIETATION

Smart planning throughout the year helps retailers strike the right balance for Black Friday, Cyber Monday, and beyond.

## by Merrill Douglas

B Y THE TIME SANTA STARTS LOADING HIS SLEIGH, RETAILERS HAVE ALREADY SPENT months getting ready for the holiday season. The goods that turn into gifts have been pouring into distribution centers (DCs) since at least August. And smart retailers started long before then to lay plans for the 2012 holiday rush.

Pulling in the right products in the right numbers to satisfy customer demand is a fine art at any time of year – especially when unpredictable events such as Hurricane Sandy can create both supply chain disruptions and dramatic shifts in consumer spending.

Preparing for the shopping frenzy that occurs between Thanksgiving and New Year's requires particular talent. "Retailers need to capture as many sales as possible without leaving themselves

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overburdened with stock at the end of the season," says Greg Wilson, vice president of field strategy at Quantum Retail Technology, a Minneapolis-based vendor of supply chain solutions for retail companies.

To this end, retailers are learning to better balance their holiday merchandise flow. "Companies have gotten more sophisticated in how, where, and how much they buy," says David Vernon, senior analyst at Sanford Bernstein and Company in New York.

They've also used technology to gain a better view of inbound inventory, reducing the need for costly expedited transportation. And they've made more flexible agreements with the shipping lines that carry their merchandise from overseas.

"Seven or eight years ago, contracts with steamship lines might have been for volume over a specific routing," Vernon says. Today, a U.S. company might negotiate separate contracts for deliveries to the East and West Coasts, and then balance its volume between the two, as demand requires.

Retailers also use many other strategies to turn the holiday rush into a season of rewards. Here's a look at how they ensure a shopping experience that lands them on customers' "nice" list.

### How Much of What, Where?

For brick-and-mortar chains, one key to getting the holidays right is predicting as precisely as possible how many of each item the company will need in each retail location. It is a complex calculation.

"The right answer varies so much by location and product that it presents a challenge for retailers operating more than a handful of stores," Wilson says.

Working out the math for the holiday peak is especially tough. "The window is short, so retailers don't have much selling activity to determine how the window behaves," Wilson says. "And they are

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Online electronics vendor Newegg receives product from domestic and overseas vendors at six distribution centers located around North America.

selling a ton of volume, so they have to throw a bunch of inventory at it." If they throw too much, though, January could find them sitting on a pile of unsold goods.

Quantum Retail's software solution, Q, addresses this problem by tracking sales of certain products at specific locations over time, then using the accumulated knowledge to predict demand during various periods. The software also considers the retailer's strategy for each product—whether it's meant to drive traffic into the store, produce a high margin, or burnish the company's image.

Some conclusions *Q* reaches are surprising. One user called Quantum Retail in a panic a few summers ago because *Q* had suggested buying \$90 million less in inventory for the coming holiday season than the company had bought the year before. The user feared the software had miscalculated.

Reviewing the data, Quantum Retail's experts assured the customer that Q was correct.

"With a bit of skepticism – but having faith in the results *Q* had provided in the past – they bought about \$70 million less inventory," Wilson says. "It turns out that it was the holiday season when the economy first tanked. *Q* had identified the buying trends that were occurring, and the likely impact they would have on holiday shopping, months in advance – before any of us who were being impacted recognized it."

### **Squeaky Wheel**

Whatever a retailer decides about its inventory strategy, the company must manage suppliers to ensure they deliver on time. "If you take your eye off the purchase order, there's a good possibility shipments will fall behind," says Ro Sharma, retail fashion vertical head at third-party logistics (3PL) provider DB Schenker.

The squeaky wheel principle grows more important than ever during the holiday crunch, when a single overseas manufacturer might have thousands of workers churning out products for several retailers. "Companies will come out ahead if they maintain well-built supply chains with controls and measures, and use 3PL partners to ensure vendor compliance," Sharma says.

Even with the best controls, however, production delays are a harsh fact of life. During the critical holiday peak, late production might force a retailer to shift some volume from ocean to air, sparking a search for air cargo capacity.

Thanks to the relationships they maintain with carriers, and their clout in the marketplace, 3PLs can help retail clients secure a share of scarce cargo space and keep shipments moving.

While expedited service via air is more expensive than ocean transportation, the



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costs needn't be onerous. Recently, for example, a large West Coast-based clothing retailer found that, due to a factory delay in Indonesia, it had to expedite a trendy new product to its stores. The company was testing the product in order to plan for the upcoming holidays.

The shipment had to reach the retailer's midwestern DC three days after the factory released it. But company officials didn't want to pay top dollar for expedited transport.

"We were able to provide an express-like service using the regular airfreight methodology," Sharma says. "The product left Indonesia, and arrived in Chicago within 48 hours." As soon as the shipment cleared customs, Schenker loaded it onto waiting trucks. The goods arrived at the DC the next morning.

Fashion retailers usually find enough ocean and air capacity to meet their needs. But soft goods compete with electronics for space, and when a hot new smart phone or tablet hits the market, it can leave fashion retailers scrambling.

Luckily, that wasn't the case when Apple introduced its iPhone 5 in September 2012. "A small air cargo backlog occurred through the north Asian hubs," Sharma says. "But the shipment planning was adequate. The phones are making it to the marketplace, and other goods are moving just fine." The surge in demand for air capacity did, however, cause a slight increase in air cargo rates.

### **Domestic Discussions**

In addition to providing for import shipments, retailers also need to lock in enough domestic transportation capacity to handle spiking volume in the lead-up to the holidays. At Unyson Logistics, the 3PL arm of Downers Grove, Ill.-based The Hub Group, company reps and their customers start that work in March or April.

Early discussions focus on projected requirements and any changes to the retailer's footprint—for example, new or closed stores, or relocated DCs.

"Then we set up a strategy: what do we need to do, and what milestones do we need to have, to accomplish a successful retail season?" says Donald Maltby, Unyson's chief supply chain officer.

Next come meetings with intermodal, truckload, and less-than-truckload carriers to talk about aligning customer needs with carrier services and pricing. Unyson and the customer also review changes in each carrier's network since the year before.

"The company may have needed to move equipment out of southern California last year, for example," Maltby says. "But this year it lost a customer, so it

# Just in Case

In 2011, the value of returned holiday merchandise amounted to an estimated more than eight percent of the value of holiday retail sales, according to a study by the National Retail Federation. Not only do retailers lose those sales, but they and their suppliers spend money to process the goods that consumers send back.

Ecospan, which makes a variety of products from plant-based plastics, offers a way for some merchants and manufacturers to ease the pain: a line of reusable shipping cases for consumer electronics and other highvalue products.

Companies use those cases in at least two scenarios, says Paul Cannon, vice president of marketing at Ecospan, based in Greenbrae, Calif. The first is when a customer brings a product, such as a smart phone, back to a store because it doesn't work properly.

"If they can't fix it in the store in a few minutes, they transfer the SIM card and send the customer out with a replacement phone, usually a refurbished one," Cannon says. A store employee tucks the phone into one of Ecospan's containers, and the merchant ships the box to a consolidation point, from which workers ship pallets of product to a repair center.

The other situation occurs when a customer calls a wireless carrier to report that an electronic device isn't working. The carrier's 3PL sends the customer a replacement packed in one of Ecospan's boxes. "The customer removes the Ecospan's reusable shipping cases facilitate post-holiday returns.

replacement device from our box, inserts their broken device, and ships it back," Cannon says.

In either case, Ecospan's bioplastic case usually takes the place of a cardboard box. Although the Ecospan box costs more per unit than cardboard, shippers save money because they can use the same box up to 20 times. "The return on investment over the lifecycle of that container is significant," Cannon says.

Ecospan also makes video game consoles, cosmetics packaging, toys, and other items from renewable plastic. It entered the shipping case business when a global smart phone manufacturer asked the company to custom-develop such a product.

Ecospan later decided to create off-the-shelf versions of its box to accommodate the needs of 3PLs that handle reverse logistics. It offers the product in four sizes, which can handle phones in different configurations, from multiple manufacturers.

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doesn't have that need. We need to know that in advance so we can plan accordingly."

Retailers should form strong relationships with their transportation suppliers, making themselves important enough to the carrier's success to ensure the carrier will provide capacity when space grows tight. The retailer might negotiate incremental pricing, for example, agreeing to pay higher rates during the holiday peak.

Of course, retailers must find ways to cut transportation costs as well. "As peak season approaches and velocity picks up across multiple retailers, they can consolidate freight and build multistop truckloads," Maltby says. Working with a 3PL provides opportunities to gain those economies of scale by collaborating with other shippers.

### **Seasonal Capacity**

While securing space with their carriers, retailers also need to boost capacity in their distribution centers for the holidays. In part, that means bringing in seasonal workers.

"Recruiting and training additional labor presents a challenge during the holidays," says Kunal Thakkar, vice president of operations at Newegg, a leading online electronics vendor. "Our order volume grows rapidly every day, spiking on Black Friday, Cyber Monday, and the week before Christmas. It's critical that we have the appropriate skilled labor in place to fulfill these orders."

### High-demand, high-value electronics such as Apple's iPhone 5 create competition for peak-season capacity.

Newegg receives product from domestic and overseas vendors at six distribution centers, spread among City of Industry, Calif.; Edison, N.J.; Memphis; and Mississauga, Ontario. Employees in each facility pick, pack, and ship product to customers via a variety of carriers.

Newegg's supply chain team starts planning for the holidays one calendar quarter before holiday logistics activities begin. Preparations include creating sales forecasts, coordinating with the marketing team to support promotions, renting equipment, recruiting and training temporary staff, stocking supplies, and managing facility needs.

Although the company maintains an efficient supply chain year-round, preparing for the holidays differs from managing day-to-day operations in several ways.

"For example, in advance of the holiday season, we need to plan inbound shipments so we bring in the right amount of inventory at the right time, as well as make sure our warehouse supplies and transportation needs are met," Thakkar says. "It is also important that we bring in new hires early enough to be properly trained, but at a rate that does not negatively impact production and add to our cost."

Recent investments in new picking and packing technologies have proven especially helpful. "We have modified and enhanced our in-house warehouse management system (WMS) to support the operations with a pick-to-light system and an automated outbound sortation system," Thakkar says. "We have also adapted new scanners for higher accuracy and efficiency, as well as invested in new packaging technologies."

### Holiday Handling

Like Newegg, other companies also find that systems used to store, move, and direct the flow of goods inside a logistics facility provide opportunities to better manage the year-end rush.

Long before holiday merchandise starts flowing into DCs, the supply chain team should ensure existing inventory is stored in the right locations, and there is plenty of room for new arrivals. Then it's time to



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start preparing for the outbound flow.

"If a facility has scanning or lift equipment, it must ensure it has the materials needed to operate it, such as batteries and holsters," says Chris Arnold, vice president, operations and solutions development at Intelligrated, a Cincinnati-based vendor of materials handling and automation solutions. "It takes tremendous planning and orchestration to make sure it all fits nicely together."

Automated equipment that runs at variable speeds can be a big help at holiday time. Take a sortation system, for example. "During the peak season, when the company needs to push more cartons through the facility, it can set the equipment to a faster speed and create a higher ship rate," Arnold notes.

A staff augmented with temporary workers can easily handle the large number of cartons rolling off the conveyors.

### **Take Your Pick**

A WMS combined with a pick-to-light system can boost efficiency during the

holiday rush by directing workers to pick several orders at once.

"The software allows orders to be released in a sequence that optimizes the worker's walk path," Arnold says.

Rather than visit several areas to pick one order, then return to some of those locations to pick another, the picker fills several orders at once, moving aisle by aisle like a supermarket shopper. Reducing travel time by consolidating trips increases throughput in the warehouse.

A retailer might also move goods out of



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the DC faster during the holiday rush by layering one technology on top of another.

One example is a DC that uses a pick-tolight system. The time might come when pickers are using all the available lights to direct their work, yet plenty of orders remain to be filled from that section of the warehouse. The solution is to supplement the lights with radio-frequency scanners.

"The scanners may come from the receiving area, if the business has additional scanning equipment there," says Arnold. "It can repurpose the devices



during peak season for outbound processing, putting them on top of what's already there, to log into the application and the location workers are picking."

### Game On

Close partnerships with vendors have been helping video game retailer GameStop—which operates more than 6,600 stores worldwide—increase its supply chain network's efficiency in recent years.

"Our automation is already state-ofthe-art in most of our facilities," says Bob MacDougall, GameStop's vice president of logistics and purchasing.

To gain further improvement, the company has focused on sharing as much information as possible with hardware manufacturers, game publishers, and transportation partners.

Most of the hardware systems GameStop sells are made overseas and imported by the brand owners. Game software is generally published in the United States. Both kinds of product flow into GameStop's two DCs—in Louisville, Ky., and at its headquarters in Grapevine, Texas—and through several 3PL-operated facilities.

GameStop also manages a second merchandise stream: pre-owned games and hardware – such as wireless phones, tablets, and game systems – that customers trade in for credit or cash. GameStop's stores ship those products to the company's 1,000-person refurbishment center in Grapevine, where employees restore them







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# "Our order volume grows rapidly every day, and spikes on Black Friday, Cyber Monday, and the week before Christmas. It's critical that we have the appropriate skilled labor in place to fulfill these orders."

### - Kunal Thakkar, vice president of operations, Newegg

to like-new condition, then repackage them for sale as pre-owned merchandise.

GameStop's sales volume balloons in the last three months of the year because of holiday demand, and because game publishers release the greatest number of new titles in October and November. The company starts planning for the next holiday season early in the year, but the heavy work starts in late summer. "Typically by August, we have enough information from our publishers about new games and various projects that will cause significant spikes in our supply chain," says MacDougall.

Although it's not always clear which products will become hot sellers, GameStop has developed a sort of crystal ball in its reservation system, through which customers pre-order games and

# Making a List, Checking It Twice

The state of the economy over the past few years has created an extra element of uncertainty for retailers as they plan for the holiday season. Will shipments arrive in time for the holiday rush? Are consumers confident enough to spend as much on gifts as they have in the past? Will they shop early or hold out for deep last-minute discounts? And will they stay loyal to their favorite merchants, or will they shift downmarket in search of lower prices?

"As consumers have been affected by the economy, some are switching from department stores to retailers such as Target," says Greg Wilson, vice president of field strategy at Quantum Retail in Minneapolis. "Target shoppers may shift to shopping at Walmart. These changes are occurring differently in different areas, depending on how dramatically they've been impacted by the changes in the economy."

Some consumers are staying out of stores entirely, opting instead for Internet shopping. For the package carriers that deliver holiday goods sold online, the prospects for the next few weeks look decidedly bright. Online sales will build to a crescendo in the final two weeks before Christmas, according to UPS. "The company predicts its busiest day of the year will be Thursday, Dec. 20, when an estimated 28 million packages will be delivered around the world," UPS stated in an Oct. 29, 2012, announcement.

FedEx expects to reach its peak on Dec. 10, 2012, when its global ground, express, and freight networks will carry a projected 19 million shipments. That will be the busiest day in the company's history.

Both package carriers are gearing up to handle more volume during the upcoming holiday season than they did in 2011. UPS expects to deliver 527 million packages between Thanksgiving and Christmas, compared with 480 million last year. FedEx, using a different unit of measure, forecasts that it will move more than 280 million shipments through all of its networks during that period - a 13-percent increase over the 247 million shipments it moved in 2011.

consoles before they hit the market. "It's an important predictor of demand," says Bruce Kulp, senior vice president, supply chain and refurbishment, GameStop.

The publishers operate nimbly, so GameStop doesn't rely on buffer stock. "We can comfortably buy three or four weeks of supply, avoiding high risk on a game if we're not sure how it will perform," says MacDougall. If demand for a game suddenly soars, an order placed today will bring new copies into DCs by tomorrow.

Along with suppliers, GameStop also stays in close touch with FedEx and UPS, which deliver more than 90 percent of product to its stores. "As we move into key planning season, we meet with them weekly," says MacDougall.

In its DCs, GameStop uses flexible space to match capacity to demand as the holiday season progresses. Outsourcing to 3PLs with facilities close to GameStop's vendors also promotes efficiency. "We're not moving heavy goods across the country just to move them back again," Kulp says.

Such strategies have helped GameStop rack up outstanding scores in the game of Continuous Improvement. "In the past six years, our freight efficiency measured in cost has improved every year," MacDougall notes.

### **Opening the Window**

As retailers put their holiday plans into action, one bit of good news is that the shopping peak might not be as steep these days as in years past. Consumers looking to get a head start on their gift lists have added about 30 days to the front of the shopping period; consumers redeeming gift certificates have added another 30 days at the back.

"The traditional holiday peak has flattened out a bit," says Sharma.

Whatever the season's topography, however, retailers need to start early and plan well to capture a goodly share of the gifts of the holiday season.



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# in Airfreight Forwarding

Despite turbulent economic times, the global air cargo industry is emerging from the clouds with new direction. Faced with unprecedented regulatory and operational challenges, airfreight carriers have sought alliance partners to help mitigate the financial impacts of shrinking volumes and soaring fuel costs.

The International Air Transport Association's global e-freight initiative has defined a path for industry to upgrade antiguated IT infrastructure. Elsewhere, carriers are optimizing asset utilization, assessing flight lanes and frequency, targeting new markets for growth, and expanding value-added logistics capabilities beyond their core.

No less important, airfreight forwarders are similarly leveraging their pivot in the supply chain

to provide shippers and consignees with better options and services so they can make more informed decisions.

Whether it's mixing ocean and air modes to match urgency and economy, navigating labyrinthine regulatory compliance requirements, chartering project cargo moves, or booking high-value freight for Next Flight Out, air cargo intermediaries perform an integral role in today's changing global landscape.

Inbound Logistics' annual Who's Who in Airfreight Forwarding provides a composite directory of leading intermediaries - from small, non-asset-based agents to global integrators - to help you assess and engage partners that can meet your unique shipping needs.

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	AIT Worldwide Logistics www.aitworldwide.com	(800) 323-6649	N	*	×	X	X	×	X	×	×	×	×	×	×	×	×	
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	C.H. Robinson www.chrobinson.com	(952) 683-3950	N	×	×	⋪		×		×	×	×	×	×	×	×	×	
	CEVA Logistics www.cevalogistics.com	(800) 888-4949	В	×	×	⋪		×		×	×	×	×	×		×	×	
	Concert Group Logistics www.cglship.com	(630) 795-1300	N	×	×	⋪		×		×	×	×	×	×		×	×	
	Dachser USA www.dachser.us	(678) 302-9111	N	×	×	⋪		×		×	×	×	×	×	×	×	×	
	Damco USA www.damco.com	(973) 514-5356	N	×	×	⋪		×		×	×	×	×	×	×	×	×	
	DB Schenker www.dbschenkerusa.com	(800) 225-5229	N	×	×	⋪		×		×	×	×	×	×	×	×	×	
	DHL Global Forwarding www.dhl-dgf.com	(800) 426-5962	N	×	×	⋪				×	×	×			×	×	×	
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	FedEx www.fedex.com	(800) 463-3339	В	×	⋪	⋪	×	×	⋪	×	×	×	×	×	×	×	×	
	Freight Solution Providers www.shipfsp.com	(916) 373-3353	В	×	⋪	×	×	×	×	×	×	×	×				×	
	Geodis Wilson www.geodiswilson.com	(877) 469-0510	N	×		⋪	⋪	×	⋪	×	×	×	×	×	×		×	
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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	RATE QUOTES	REAL-TIME TRACKING	DOCUMENTS *	CERTIFICATIONS
Purchase order management	×	×	×	C-TPAT
Chemicals, project logistics, fairs and events		×	×	ISO, IATA, C-TPAT, Lean, Six Sigma, Hazmat
In-home, pharmaceuticals, government, automotive, energy, oil and gas	×	×	×	IATA, SmartWay, C-TPAT, Hazmat
Customized logistics solutions	×	×		IATA, SmartWay, C-TPAT, Hazmat, TAPA
All services related to international air freight	×	×		ISO, IATA, C-TPAT, Six Sigma, Hazmat
Supply chain consulting, managed TMS		×		IATA, SmartWay, C-TPAT, Hazmat
Contract logistics, end-to-end solutions, consulting, and solutions design	×	×	×	ISO, IATA, C-TPAT, Lean, Six Sigma, Hazmat
Time-critical, hotshot, LTL, TL, asset recovery, trade show services	×	×		IATA, SmartWay, C-TPAT, Hazmat
Food logistics, chemical logistics, contract logistics		×		ISO, IATA, C-TPAT, Hazmat
Supply chain development, consulting		×	×	ISO, IATA, SmartWay, C-TPAT, Hazmat
Logistics management, warehousing, European rail, ground	×	×	×	ISO, IATA, SmartWay, C-TPAT, Hazmat
Express services, warehouse management	×	×		ISO 9001:2000, TAPA
Oversized shipment logistics, trade show services, roll out, warehousing	×	×	×	IATA, SmartWay
Aircraft on Ground, project cargo, sea-air, distribution, insurance, order management		×	×	ISO, IATA, SmartWay, C-TPAT, Hazmat, PIP, ACE, AMS, PAPS
Time definite, expedited services	×	×	×	
Asset tag and condition reporting, global white glove service	×	×		IATA, SmartWay, C-TPAT, Hazmat
Sea-air, integrated supply chain solutions		×	×	ISO, IATA, C-TPAT, Hazmat, CCSF Facilities
Road freight, contract logistics, e-commerce		×		C-TPAT, TSA, AES, ISO 9001, ISO 14001
Trade consulting, project cargo and management	×	×	×	ISO 9000:2000
Temperature-sensitive cargo, insurance, just-in-time delivery, emergency and relief logistics	×	×	×	ISO, IATA, SmartWay, C-TPAT, Lean, Hazmat, Cargo 2000, Envirotainer QEP
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	Landstar www.landstar.com	(877) 696-4507	N	₹	★	∢	★	∢		×	∢	★	≯	×	×		×	
	Lynden International www.lynden.com/lint	(888) 562-5703	N	×	×	×	×	×		×	×	×	×	×	×	×	×	
	Mach 1 Global Services www.mach1global.com	(800) 553-7774	В	X	×	X		×		×	×	×	×	×	×		×	
	MIQ Logistics www.miq.com	(877) 232-1845	N	X	×	X	₹	×		×	×	×	×	×	⋪	×	×	
	OIA Global www.oiaglobal.com	(503) 736-5900	N	×	×	X	×	×		×	×	×	×	×	⋪	×	×	
	Panalpina www.panalpina.com	(973) 683-9000	N	X	×	X	×	X	₹	×	×	×	×	×	⋪	×	×	
	Panther Expedited Services www.pantherexpedite.com	(800) 685-0657	N		×	×	×	×		×	×	×	×	×			×	
	Pegasus Logistics Group www.pegasuslogistics.com	(469) 671-0300	N	₹		X	×	×		×	×	×	×	×	⋪	×	×	
	Pilot Freight Services www.pilotdelivers.com	(610) 891-8100	N	X	×	X	X	X	X	×	×	×	×	×	×	×	×	
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KEY: Asset- or Non-Asset-Based: A=Asset- based; N=Non-asset-based; B=Both					•
<b>Compliance:</b> Shipments comply with government, security, and trade regulations	WE	B SER	VICES		
Documents: Shippers can book/create customs or import/export documents online			*		
	RATE QUOTES	TIME (ING	DOCUMENTS		•
VALUE-ADDED SERVICES AND SPECIALTIES	RATE	REAL-TIME TRACKING	DOCU	CERTIFICATIONS	
Freight brokerage, project cargo, supply chain management, integrated solutions, warehousing				ISO, IATA, SmartWay, C-TPAT, Hazmat	
Supply chain management, scheduled Alaska service, trade show services, home delivery	×	×		IATA, C-TPAT, Hazmat	
Warehousing, supply chain management, pool distribution, expedited services		×		ISO, IATA, SmartWay, C-TPAT, Women's Business Enterprise (WBE)	
Project logistics, transportation management, truckload brokerage, contract logistics, warehousing, fulfillment, DC bypass		≯		IATA, SmartWay, C-TPAT, Six Sigma, Hazmat, AEO, BASC	
Packaging, warehousing and distribution support	×	×	×	ISO, IATA, C-TPAT	
End-to-end supply chain management solutions, intercontinental air/ocean freight	×	×	X	ISO, IATA, SmartWay, C-TPAT, Lean, Six Sigma, Hazmat	
Expedited ground, elite services	×	×		ISO, IATA, SmartWay, C-TPAT, Hazmat	
Warehousing, white glove, time definite, global routing center		×	×	IATA, SmartWay, Hazmat	
Government and automotive services, home delivery, inbound logistics, merge and deliver	×	×	×	ISO, IATA, SmartWay, C-TPAT, Hazmat, TAPA, ITAR	
Project cargo, warehousing and inventory control, packing and crating	×	×	×	IATA, SmartWay, C-TPAT, Hazmat, CCSF	
Supply chain management, apparel, footwear, accessories, home goods and electronics	×		×	IATA, C-TPAT, Hazmat	
Ground shipping services, trade show services, healthcare, furniture, CPG, white glove	×	×	×	ISO, IATA, SmartWay, C-TPAT	
Multi-modal transport, integrated logistics, supply chain management, aerospace, oil and gas, healthcare		×	×	ISO, IATA, C-TPAT, Hazmat, TRACE	
Customized logistics solutions, global fulfillment, contract warehousing	×	×	×	ISO, IATA, C-TPAT, Hazmat, ACAS	
Domestic surface transport, warehousing and distribution	×			IATA, SmartWay, Lean, Hazmat, TeamQ program based on Prior ISO certification	
Home delivery/white glove, specialized B2B and B2C	×	×	×	ISO, IATA, SmartWay, C-TPAT, Hazmat, OTI FMC/NVOCC, ITAR, DoD/DoS Approved	
Project management, IT relocation	×	×	×	ISO, IATA, C-TPAT	
Consolidation, transload/crossdock, DC bypass, hand carry, ground freight, rail intermodal	×	×	×	ISO, IATA, SmartWay, C-TPAT, Hazmat	
Trade show and convention services, priority same-day service, dedicated trucking		×	×	IATA, Hazmat	
Freight management, contract logistics		×		ISO, IATA, SmartWay, C-TPAT, Lean, Six Sigma, Hazmat	
Information supplied by forwarders. Where data was not provided, historical and Web site information was used.	•				

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### The next 10 installments appear on the following pages:

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- 64 How to Manage the Supply Chain Following a Natural Disaster
- 66 How to Make Driver Recruitment a Competitive Differentiator
- 68 How to Move Freight in Volatile Locations
- 72 How to Reduce Costs by Integrating Packaging with Distribution Center Operations

- 74 How to Foster a Long-Term 3PL Partnership
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- 80 How to Drive Visibility Through A Supply Chain Network Control Tower
- 82 How to Measure Sustainability Program Performance

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# How to Find Savings Through Landed Cost Analysis

S SHIPPERS ADAPT SOURCING STRATEGIES TO BUILD redundancy, economy, and responsiveness into their supply chains, the complexity of drilling down total landed costs increases. Shippers often focus resources and attention on procurement, looking only at production and logistics spend. At a more granular level, a myriad of other factors can impact the total supply chain cost of moving a product.

For example, partnering with a contract manufacturer in China may be the cheapest alternative in terms of labor, but it doesn't factor in the anti-dumping cost-a protectionist tariff that countries impose on foreign imports they believe are priced below fair market value. This added expense may ultimately negate any production economies.

Other landed costs that often go unnoticed are commissions and royalties. If a shipper pays a commission to an agent, for example, and that agent then kicks back a certain percentage to a supplier as a referral,



Customs may argue that the value of the shipped goods is more than what was declared on the commercial invoice. With import value adjustments such as this one, shippers often don't have the internal mechanisms to control or capture the necessary information.

The same problem occurs with the concept of assists. When hightech or private label companies have a specialized or trademarked tool necessary to manufacture a product—i.e., a mold for a baking pan—or provide engineering assistance to manufacturers or suppliers, they must account for it when they declare their customs

valuation. Shippers have to structure assists so that when they make a declaration, they're telling Customs, "my product costs \$100, with one dollar's worth of assists, so I'm paying duties on \$101."

Whether it's a matter of understanding global customs compliance standards such as assists, royalties, and commissions or country-specific anti-dumping and excise taxes, shippers should have a system in place that aggregates this data so they have a more accurate valuation or estimate of their landed costs. A global trade management (GTM) solution can automate the process of comparing total landed costs, providing shippers with full visibility into all associated costs and regulations. This enables shippers to make faster, better-informed sourcing decisions.



1. SORT OUT CLASSIFICATION PROCESSES.

Without proper classifications, it is difficult to manage correct duties. Many organizations believe their buyers have a proper understanding when they really don't. Creating better alignment with internal compliance teams can help ensure proper classification and more accurate calculations.

### 2. IMPROVE LOGISTICS COSTS ESTIMATES.

Knowing trade lanes and the costs relative to those lanes provides more accurate estimates. Well-prepared companies use actual carrier rate contracts to determine total logistics costs as part of their estimate, and have global trade management processes in place to understand the cost implications of changing a trade lane, route, or mode.

3. UNDERSTAND INCOTERMS. People often see

costs as linear, but they aren't. Freight and insurance may need to be included as part of a shipper's valuation when declaring duties in different countries. In the United States, for example, if you buy freight with CIF terms, you can reduce your valuation. If you're charged \$100 on the commercial invoice, and the freight portion is \$10, you pay your duty based on \$90. This is not the case, in the European Union, however, where countries assume freight is always added.

4. RECOGNIZE IMPORT VALUATIONS. Import

valuations include everything that affects the final cost you expect Customs to see. Often these costs aren't immediately visible, as organizations tend to myopically focus on the purchasing aspect of inbound logistics – how to move goods, and the contract price. Using a global trade management solution that can filter and account for these extraneous expenses is often a good start.

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# How to Manage the Supply Chain Following a Natural Disaster

LANNING FOR SUPPLY CHAIN EXCEPTIONS IS increasingly an expectation for risk-sensitive shippers. The last decade has unleashed a flood of global weather disasters, from Hurricanes Sandy and Katrina to the eruption of Iceland's Eyjafjallajokull volcano to the earthquake and tsunami in Japan. Each has impacted business operations in different ways.

Failing to properly react to supply chain disasters can have long-term implications to the bottom line. That's why it is compulsory for companies to regularly assess inherent risks within their supply chains, build redundancies into their operations, weigh economy versus resiliency, and engage in collaborative partnerships to offset sudden variations in supply and demand.

# 4 WAYS TO EXECUTE IN AN EMERGENCY

No matter how much preparation goes into contingency scenarios, companies can still find themselves behind the eight ball when environmental disturbances strike. Here are four areas to consider when marshaling your supply chain in the wake of a natural disaster.

### 1. ENSURE TOTAL VISIBILITY.

If there is ever a time to grow transparency, it is during a crisis. Shippers can explore solutions and expedite responses by opening lines of communication and sharing data with their partners. Having real-time access to tracking information similarly allows retailers, carriers, and suppliers to easily and seamlessly reroute shipments or re-position inventory. Because supply and demand patterns will fluctuate considerably in the aftermath of a natural disaster, it is equally important to capture and communicate these variances so you can re-allocate labor resources and appropriate assets to need. In lieu of managing forecasts from disparate sources, it is prudent to establish one source of accurate data so that all supply chain parties can act in unison.

### 2. DESIGNATE A POINT PERSON.

Following a natural disaster, a lack of organization and coordination can easily infiltrate a vulnerable supply chain. Establish a chain of command that engages all functions and planning teams, and is directly responsible for creating a

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business continuity plan. This person or group can identify all possible disruptions to the company's operations, and determine how to quickly address these concerns. When operating on the fly, costs such as expedited shipping can spin out of control. Maintaining a central command in charge of the response can help control and mitigate unnecessary spend.

3. LOOK TO PARTNERS. One advantage of developing strong supply chain partnerships is the latitude they provide when times get tough. In a true gain-sharing environment, business partners have a vested interest in providing assistance when you need it. You, in turn, reciprocate that trust by committing your business to them.

EMERGENCY CHECKLIST Visibility X Point Person X Partners

+ Flexibility

Transportation and logistics service providers have experience managing exceptions, and are capable of finding the right solution in a pinch. They can help you ramp up production and find capacity elsewhere, or explore how to reroute shipments, mix modes, access capacity, and expedite transportation to meet demand.

4. **REMAIN FLEXIBLE.** Companies often face the greatest difficulties when they rigidly adhere to predetermined plans. That's why opening lines of communication between internal departments and extended supply chain partners is critical. Keep planning fluid so you can respond to new challenges as they arise. For example, it may be necessary to consider alternate routings, ports of call, and intermodal options to keep shipments moving. Trucks may have to be dynamically routed if roads are closed. You may have to adapt facility operating hours, and bring in additional labor resources to ensure they are accessible at a moment's notice. Companies can often uncover new strategies for execution in the face of adversity.

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# How to Make Driver Recruitment a Competitive Differentiator

NE CHALLENGE THE LOGISTICS SECTOR FACES IS, well, finding new faces. While the U.S. recession largely suppressed a dormant truck driver shortage, the prospects of economic recovery are stirring old concerns. Adding to the problem, recent government mandates including the Federal Motor Carrier Safety Administration's Hours of Service and Compliance, Safety, Accountability rules threaten to shrink the available pool of qualified drivers, and complicate recruiting, training, and retaining valued employees.

Creating a proactive corporate-wide program for recruiting drivers brings a number of benefits. It demonstrates a company's commitment to human resources, as well as customer service. Service providers and private fleet owners can use such investment as part of their value proposition to customers. Increasingly, the human asset is becoming just as important as the physical ones. Whether a company is looking to reduce driver turnover costs or vet a business partner to make sure it has the necessary resources to deliver acceptable customer service, maintaining a dedicated recruitment and retention strategy communicates a strong message both internally and within the extended value chain.



# 4 WAYS TO CREATE A PROACTIVE DRIVER RECRUITMENT ENVIRONMENT

### 1. HIGHLIGHT DRIVER JOB BENEFITS. It is important to

highlight and celebrate the corporate culture, values, and benefits that make working for your company great. Managers need to be aware of everything the company has to offer, and communicate those advantages to existing drivers and prospective hires.

2. TALK ABOUT COMPENSATION. Two-way communication must exist between management and drivers so all parties understand performance expectations, and share in both successes and failures. Silence breeds speculation and unease.

Have managers regularly review location pay studies and current monthly pay averages for drivers to help set goals and provide incentive. Know your drivers' weekly and annual gross pay – and ensure they are aware of how well they are compensated for providing great service to your customers.

For new employees, set expected weekly hours and annual pay range for their first year of employment. Design your pay packages to make sure drivers make enough money, so they won't be lured by competitor claims of better compensation.

3. KNOW THE COMPETITION. Drivers won't know how good their job is if you don't. Evaluate how industry at large compares in terms of hours, benefits, and pay. Develop a target list of competitors in the local market, organize by priority – whether it's vertical, services, or individual company – then narrow your research focus.

Once you know who you're competing against for drivers, develop a plan for acquiring competitive pay/benefits data – i.e., managers surveying drivers to gather information about past employment, and talking with business partners and customers.

With this level of local market analysis, you can better understand where capacity stands and whether you are positioned to stay ahead of the curve.

4. INVEST IN RECRUITING. It is difficult for companies to simply rely on newspaper ads and word-of-mouth referrals to fill their driver needs. You have to become more creative and resourceful in how you target new hires. Consider circulating around truck stops referral flyers and cards that detail the benefits your company provides versus the competition. Also educate your drivers on how they can screen potential applicants and increase their chances of earning a referral bonus. Drivers can often be the best recruiters.

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# How to Move Freight in Volatile Locations



ESPITE GEOPOLITICAL UPHEAVAL, NATURAL disasters, labor strife, war, and countless other disturbances that threaten supply chain efficiency and economy, freight still needs to move. From delivering humanitarian aid in hurricane-ravaged locations to managing mission-critical parts replenishment in remote areas and delivering heavy equipment in support of government operations, shippers need to be flexible and responsive to demand to make sure product moves quickly and safely.

Successfully moving freight into challenging areas requires an abundance of preparation and due diligence,

test runs, and contingency plans to make sure moves happen without a hitch. Working with transportation and logistics providers that have demonstrated success moving project cargo and mission-critical shipments—and who have operatives and affiliated agents on the ground in different parts of the world—is always a first step when entering the unknown.

More than anything else, communication and partnership are paramount as companies work with customers and service providers to strategize appropriate solutions, remedy costly exceptions, and execute successful moves.

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# **FIVE STEPS TO KEEP CARGO MOVING**

1. LOCATE AN AIRPORT WITH CUSTOMS FACILITIES. If freight needs to move expeditiously in and out of an unsecure or unsettled location,

it will likely be transported via air. While some transport managers assume all airports have Customs officials available to handle incoming freight, that isn't always the case. Consider all your options, as well as the possibility of mixing modes to deliver a product to a nearby airport that has a Customs presence, then trucking to the final destination. Take into account the total landed costs, especially in terms of how they relate to the expediency of a specific move if time is of the essence.

2. DO YOUR HOMEWORK. When you are operating on the edge – in terms of civilization, war zone, disaster area, or price margin – any disruption or mishap can have cascading consequences. Weather is often the most compelling obstacle, and one that shippers have little control over, apart from proactively re-routing shipments or staging inventory in accessible areas.

It's important to track potential weather scenarios around the world that might compromise the timeliness of a delivery, and how that might impact mode selection at pickup or destination. If airports close because of inclement conditions, trucks may still be able to operate. Keep in close contact with various airlines to see which ones are flying into trouble areas, and be flexible and creative in routing freight.

Also bear in mind possible delays at the local level that can stop freight in its tracks. In the Middle East and Asia, for example, offices may close due to holidays or religious observances. Always have contingencies in place to circumvent possible work stoppages.

Finally, as part of your total landed time and cost analysis and preparation, consider how and where you are moving freight across borders. Different continents and countries have cross-border variables that can impede even the best-laid plans. The fastest way from Point A to Point B is not always a straight line. Relationships between countries can cause complications. For example, to move a shipment from Kenya to the Congo, you must route it through Europe, because no carrier flies between those two countries. Similar circumstances exist in parts of South America. where it is easier to airfreight product from one country to the United States, then back to another country in lieu of trucking it across borders. Don't assume that just because borders touch, you can ship across them.

### 3. FIND A TRUSTY LOCAL AGENT AND SPEC OUT REQUIREMENTS UP FRONT. Having an

operative on the ground who can act as a proxy to your best interests is important, especially when local regulations, customs, and language present possible obstacles. You have to rely on these agents to handle and transport your shipment and manage any exceptions, so make sure they are properly insured and recognized by the local government. Also, detail and discuss all requirements and agree to pricing up front. Legitimate agents will be open about costs, fees, and taxes, which can vary greatly between companies and countries, and therefore need to be spelled out without any uncertainty. Screening agents is another way you can ensure your freight remains secure when it's out of your custody. Limit yourself to using approved agents who have been vetted for stability and reliability. Get written confirmation that they will abide by Foreign Corrupt Practices Act standards, which are intended to prevent bribery and other forms of corruption. If you are working with a freight forwarder, make sure its agents comply with these requirements as well.

### 4. MAINTAIN CONSTANT AND REDUNDANT

MEANS OF COMMUNICATION. Communicating frequently with trading partners is always important. But when freight moves across oceans, through several countries, and via multiple transport modes, there is more room for error, and a long period between freight acceptance and delivery. Make sure to keep all involved parties updated on any issues or problems that arise.

Also, while person-to-person contact via telephone is preferred, it is not always an option for a number of different reasons. Email communication is therefore equally important, because it provides redundancy and a paper trail if issues arise. If there is a language barrier, email lends itself to easier translation than a phone call.

5. CHARTER IF NECESSARY. Sometimes you need to sacrifice economy for need. Commercial flights aren't always an option when shipping certain project cargo or into sensitive areas. For example, most freight moving to Iraq and Afghanistan is flown commercially to the United Arab Emirates, then moved via charter operators that fly to the necessary airports.

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# How to Reduce Costs by Integrating Packaging with Distribution Center Operations

RODUCT PACKAGING IS OFTEN handled as a discrete supply chain function, separate from warehousing and distribution. But companies can capitalize on considerable efficiency and economy gains by driving toward greater integration of these functions. In fact, performing final packaging in the distribution center can reduce combined warehousing, logistics, and freight costs by 30 percent and orderto-delivery cycle times by seven days.

Instead of outsourcing packaging to contract packagers, shippers that bring the process in-house or partner with capable 3PLs can better control raw material use and resource allocation at different touchpoints within the supply chain – while eliminating costly transportation legs.

Many retailers are pushing the need for more strategic packaging solutions that take advantage of niche e-commerce channels or marketing opportunities. For example, greater control over packaging



operations at the DC level allows companies to specify customization closer to demand, thereby accruing economies of scale transporting and storing goods with the least amount of value-add farther up the supply chain.

Partnering with 3PLs often allows shippers to align packaging needs with transportation and logistics operations to find places and opportunities where they can optimize the process. Packaging can be a burning platform for strategic change–lean best practices, sustainability efforts, labor utilization, even DC design. 3PLs that have the right resources and expertise can help shippers make this aspect of their business a competitive differentiator.

# UN-BUNDLING BENEFITS

Companies that pay close attention to packaging operations can uncover myriad economies upstream and downstream in the supply chain. Among the benefits:

LOWER FREIGHT COSTS. In a traditional scenario, products ship out to the contract packager, then back to the DC for final distribution. These additional runs hike freight costs an estimated 38 percent. Eliminating these legs on an \$8-million spend saves \$3 million, not to mention the added environmental benefit of taking trucks off the road and reducing carbon emissions.

LOWER INVENTORY CARRYING COSTS. Using an outside contract packager can add seven days to the distribution cycle. Worse, companies typically lose visibility of their product, creating uncertainty about the amount of product available for sale. Manufacturers deal with this uncertainty by adding inventory, which, in turn, adds warehousing, labor, and financing costs.

**REDUCED LABOR AND EQUIPMENT.** In a combined packaging/distribution operation, labor and rolling stock are deployed where they're most needed at any given time, across multiple functions. Cross-trained workers can

address peak demands in the DC or the co-pack area. Management costs are also reduced, and the functions can share security, clerical, maintenance, and other facility staff.

**REDUCED DAMAGE.** The more product is moved, the greater the potential for damage. If it's a liquid product, the chance of shrinkage is even higher because damage to one bottle can destroy multiple cases.

**REDUCED MATERIAL COSTS.** Companies can streamline material spend – for example, purchasing bulk corrugate at a commodity price – by bringing packaging in-house and integrating it with DC operations. Those that have pursued a Lean path can operate in a more just-in-time fashion, making smarter decisions about procurement, storing less packaging materials, and avoiding packaging obsolescence when lines switch over.

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# How to Foster a Long-Term 3PL Partnership

HEN COMPANIES BEGIN WORKING WITH A third-party logistics provider (3PL), they are generally looking to address a functional pain point. The partnership is transactional and fills an operational gap. But the true value of 3PL partnerships can grow infinitely greater when shippers take a long-term approach that focuses on sustainable gains rather than short-term savings. In these circumstances,

the contractual relationship often moves beyond simply procurement to more strategic leanings that benefit both parties.

In the 3PL industry, true partnership is demonstrated by the presence of two primary factors: a mutual understanding of goals and objectives; and the development of trust between shipper and service provider, allowing information, ideas, and innovation to flow freely back and forth.

# 4 TIPS TO REMEMBER WHEN TYING THE 3PL PARTNERSHIP KNOT

 BE HONEST. When shippers enter a partnership, they should be willing and able to admit their shortcomings. Whether it's a matter of acknowledging pain points and limitations, or recognizing that bid data may be inaccurate, being upfront with service providers from the beginning is an important step toward building a collaborative relationship. Conversely, 3PLs should be equally candid about their capabilities. Such reciprocity builds trust.

2. ASK FOR HELP. Shippers should solicit ideas on the best ways to address a problem or optimize a network. Acknowledging areas that need improvement sets the table for developing attainable goals and expectations. This can begin in the bid process by providing accurate information regarding key performance indicators (KPIs). Sharing strategies, ideas, or concerns, and demonstrating a willingness to invest in the process and solution creates trust. Taking that first step establishes a team approach, rather than an adversarial one.

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## 3. FOCUS ON OPERATIONAL EXCELLENCE Instead of the procurement process.

When companies put out 3PL bids, they often focus time and attention on the bid itself, instead of assessing whether a new logistics service provider can perform to the level of operational excellence it needs. Shippers need to consider what the optimal scenario should look like once the implementation is complete, and how they can work with their 3PL partner to improve upon it.

Often a shipper will include KPIs that

may not exist in order to complete a bid. The 3PL bids to those KPIs, wins the business, implements a solution, then realizes that the data included in the bid process doesn't match the customer's operational profile. There is a huge disconnect. Immediately, the shipper doesn't meet the expectations of the 3PL, and very soon the 3PL will likely fail to meet the expectations of the shipper.

### 4. RECOGNIZE WHAT'S IN AND OUT OF

SCOPE. Many procurement-driven companies will push for more from their service providers. The danger of scope creep is that it can slowly erode the relationship. With the understanding that customers have leverage, 3PLs may build walls and become less willing to give more when customers are taking instead of asking. On the other hand, shippers that recognize when they are asking for out-of-scope solutions, and acknowledge it upfront, are likely to find 3PLs more amenable to help out and invest in the relationship. That recognition and honesty builds trust.

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# How to Mitigate Supply Chain Disruptions

s SUPPLY CHAINS TREND TOWARD DEMANDdriven, lean inventory models to eliminate waste, reduce costs, and increase responsiveness, their exposure to risk grows. When natural disasters,

political upheaval, labor strife, supplier failures, and countless other types of supply chain events arise, shippers need to react quickly–without incurring undue costs–to keep production in line with demand.

Companies often become vulnerable to supply chain



disruptions when they don't have a holistic view of their operations. It may be a matter of poor visibility among offshore suppliers, or not having adequate transportation flexibility to re-route shipments on the demand side-and

> countless areas in between. When exceptions occur and manufacturers are left without critical parts or retailers face stockouts, the risk of tarnishing brand value – or, even worse, losing customers – increases exponentially. A short-term supply chain glitch can have long-term repercussions to the bottom line if not handled quickly and effectively.

# 5 RISK MITIGATION CONSIDERATIONS

Shippers should regularly evaluate their risk exposure and perform a cost/benefit analysis to ensure they have a resilient and responsive supply chain.

1. RECOGNIZE RISK FACTORS. Prior

knowledge about potential environmental, social, and political conditions can help companies prepare contingency plans. Having total supply chain visibility, whether it's through an internal control tower approach or via a 3PL partner, can also help screen problems before they surface.

#### 2. EVALUATE GEOGRAPHIC COVERAGE.

Sourcing strategies are largely dictated by the complexity of a company's supply chain. When critical parts are involved, a single-source strategy presents obvious problems when a manufacturing facility shuts down and the supply chain grinds to a halt. Companies need to assess their vulnerability if they cannot acquire certain components or parts. Do you have scalability to ramp up production in other locations to meet demand? Can you justify using a secondary or tertiary sourcing strategy, perhaps near-shoring closer to demand? Does it make sense to partner with a 3PL that can provide cover in case of a disruption?

### 3. BUILD IN TRANSPORT FLEXIBILITY.

Shippers need flexibility to change routings, modes, and carriers, and stage/stockpile inventory. Proper risk management strategy favors redundancy – for example, having infrastructure and/or partnerships in place to pull shipments through different ports.

Companies should also consider how they structure transportation contracts. It may be economical to negotiate directly with carriers and lock up capacity, but that approach also limits shippers' flexibility to shift capacity when problems arise. Some freight buyers will split their volumes among different carriers and third-party logistics intermediaries as a means to allay risk.

## 4. LEVERAGE TECHNOLOGY AND SOCIAL

MEDIA. One benefit of social media is the ability to capture and vet critical information in real time. Some supply chains are using social networking in the cloud as a predictive analysis tool to identify problem suppliers before shortages are felt downstream in the supply chain. Cloud networking also provides a platform for facilities isolated or impacted by supply chain disruptions to more quickly get back on line; and for companies to on-board new business partners as need dictates.

## 5. LEAN ON THIRD-PARTY LOGISTICS

**PROVIDERS.** Transportation and logistics outsourcing used to be a matter of divesting non-core need for economy purposes. Now risk aversion is also a primary driver. 3PLs have on-the-ground resources, local knowledge, and experience to execute contingencies and minimize risk.

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# How to Select a Returns Management Partner

S RETAILERS TURN OVER STONES LOOKING FOR WAYS TO REDUCE costs, eliminate waste, become greener, and raise the bottom line, returns management is an area ripe for picking. What was once written off as a lost cost has now become a can't-miss opportunity-and for good reason. In 2011, U.S. consumers returned more than eight percent of their purchases. That number climbs to as much as 20 percent in certain product categories such as consumer electronics. Despite this, and the fact that 80 percent of returned items are not defective, many retailers have yet to implement a comprehensive returns management policy.

It may be a matter of dealing with buyer's remorse and repositioning un-opened items into the forward logistics stream, or repairing and refurbishing defective merchandise for resale in secondary markets. The evolution of e-commerce channels for overstock and pre-owned goods, as well as popular brick-and-mortar outlets and value retailers, has created a new revenue stream for companies to tap in lieu of sending items to the scrap for recycling. The quicker they can process these returns and determine where value can be extracted without too much investment in time and resources, the more they stand to gain from resale opportunities–especially for fast-moving, high-value merchandise.

The cost of bringing returns management in-house is often prohibitive. So, many companies turn to third-party logistics providers to facilitate the process. Here are some capabilities to keep in mind when selecting a returns management partner:

• Consolidation to help meet peak returns volume.

• Tracking and reporting so that customers are constantly aware of a return's status.

• Distribution that provides returns to designated warehouse or refurbishment locations.

• Returns/replacement so that customers are provided with required replacement merchandise or account credit on a timely basis.

• Established distribution network that allows returns to avoid unnecessary route detours and warehouse layovers.

• Returns Management Authorization (RMA) so that customers can better track returned items and receive "early warning" with regard to any potential defects or product malfunctions.

• For international transactions, carrier must have the ability to seamlessly transport goods across borders, and to comply with all regulatory Customs and security mandates.

• Ability to integrate forward and reverse logistics into overall supply chain strategies.

# RETURNS ON INVESTMENT

Companies should take a closer look at how they are managing returns for myriad reasons. Among them:

- 58 percent of consumers report that a company's returns policy is a factor in their decision whether or not to shop with that retailer, according to KPMG, a financial advisory company.
- The estimated cost of generating a new customer is five times more than the cost of keeping an existing customer happy.
- The secondary market is a rapidly growing sector of the economy – accounting for 2.3 percent of U.S. GDP during 2010, according to research conducted by Dr. Dale Rogers, professor of logistics and supply chain management and the co-director of the Center for Supply Chain Management at Rutgers University.
- Consumers returned almost \$2.2 billion worth of merchandise during 2011, a figure that accounts for more than eight percent of all sales, according to the National Retail Federation.
- Only five percent of returned merchandise actually has defects – with "defect" defined as something as minor as torn packaging, according to Accenture consultants. While those returned products cannot be resold as new, they can be resold on the secondary market.



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# How to Drive Visibility Through A Supply Chain Network Control Tower

s SUPPLY CHAINS BECOME INCREASINGLY STRETCHED GEOGRAPHICALLY and functionally, the challenge of driving visibility through layered and disparate networks becomes infinitely greater. When it comes to managing compliance among third-tier suppliers in Asia, speeding asset turns at a domestic distribution yard, or keeping track of carrier partners and shipments on the ground, at sea, and in the air, there is no substitute for visibility and the control it provides.

Companies often outsource portions of their business to third-party logistics providers (3PLs) to aggregate control over, and bring transparency to, supply chain activities. In some cases where networks are decentralized or overly complex, fourth-party logistics providers (4PLs) or lead logistics providers offer comparable oversight with a single point of interface.

In a similar way, shippers can invert the 4PL approach to provide a "control tower" view within their own supply chains—a common platform for aggregating, cleansing, and communicating real-time data. The idea is that internal supply chain functions and external partners—3PLs, suppliers, carriers, customers—can tap this shared information stream to collaborate and perform in a much more efficient and economical way.

A network control tower provides flexibility so new partners can plug into new systems or interfaces. Apart from the economies of executing with standardized data, companies can use this platform to engage strategic change across the supply chain by identifying root problems and fixes, and optimizing systemic processes.

### A Model Approach

Consider this example of a shipper that worked collaboratively with both an IT and 3PL partner to engineer a supply chain control tower. The objective was to drive greater visibility by creating one single, fact-based source of truth across its entire global network, eventually integrating most of its provider spend into one central source.

The company devised a control tower platform with two foundations: a cloudbased information architecture supported by an IT partner, and network analytics anchored by a 3PL. Transportation and logistics partners across the network individually plug into the platform. The two service providers are the virtual information layer that interacts collaboratively with strategic logistics partners to drive network excellence.

The technology company contributes three interlocking IT components that include: a collection of B2B software applications for automating global trade and logistics processes across business networks; a network controller for creating and managing dynamic business relationships, permissions, and roles of multiple organizations working together in business communities; and a global data grid to connect to the systems of thousands of partners and providers, and to standardize the data from the systems of those partners.

The 3PL provides frontend analytics to this information layer, aggregating and managing data from multiple cloud and proprietary customer sources, creating cross-database associations that enable common reporting to drive customer KPIs, and visualizing the data via a Web-delivered, highly configurable dashboard software suite.

#### **Qualify and Measure**

By filtering and integrating supply chain information through a network control tower, the shipper is able to qualify data, then measure performance throughout the extended network. The information is indisputable. Having anytime visibility to one source of truth enables the shipper to manage and audit rates; identify, prioritize, and realize additional cost savings via realtime optimization; standardize business processes holistically; and respond faster to supply and demand shifts while presenting a flexible platform for engaging more strategic business process changes.



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# How to Measure Sustainability **Program** Performance

OR MANY COMPANIES, sustainability has become a burning platform for exploring smarter ways to move product through the supply chain. Sustainability principles dovetail with transportation and logistics best practices to rationalize natural resource and raw material consumption, and ultimately reduce operating expenses.

In addition to the economics of eliminating environmental waste, an element of risk mitigation and competitive differentiation also exists in green matters. Given the global landscape, and steps progressive

countries and companies around the world have taken to reduce their environmental footprint, regulations will inevitably become more demanding. If companies are not in a position to react to changing legislation, they will inevitably fall below the curve-especially in terms of being able to differentiate brand image and awareness among a more socially conscious consumer base.

On the service side, companies are now specifying that prospective supply chain partners demonstrate sustainability and corporate social responsibility initiative before bidding on their business. In effect, they are

# **5 GUIDING GHG PRINCIPLES**

The World Resource Institute's landmark Greenhouse Gas Protocol has published a corporate guide to help underpin greenhouse gas (GHG) accounting and reporting efforts. Its five principles include:

1. RELEVANCE. Ensure the GHG inventory appropriately reflects the company's GHG emissions, and serves the decision-making needs of users - both internal and external to the company.

2. COMPLETENESS. Account for and report on all GHG emission sources and activities within the chosen inventory boundary. Disclose and justify any specific exclusions.

3. CONSISTENCY. Use consistent methodologies to allow for meaningful comparisons of emissions over time. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.

4. TRANSPARENCY. Address all relevant issues factually and coherently, based on a clear audit trail. Disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used.

5. ACCURACY. Ensure the quantification of GHG emissions is systematically neither over nor under actual emissions, as far as can be judged, and that uncertainties are reduced as far as practicable. Achieve sufficient accuracy to enable users to make decisions with reasonable assurance of the reported information's integrity.

ways to manage freight-i.e., modal shifts and collaborative distribution models-as they look to establish sustainability standards they can measure, then improve upon. But there is always room for improvement. Here are three steps companies can take as they establish or adapt their corporate sustainability programs:

STEP 1. Strategic planning and alignment. Assess the internal and external sustainability landscape to define your company's strengths, weaknesses, opportunities, and threats, as well as cultural values that may support your sustainability objectives. Recognize the voice of the customer, stakeholder priorities, and material issues that need improvement so you know where to focus your effort.

STEP 2. Solution engineering. Define the sustainability assessment boundary or scope, then establish a baseline for measuring and improving performance.

**STEP 3. Operational excellence.** Monitor performance. A lot of sustainability initiatives are driven by data capture, so make sure you talk about data compliance and communication, and identify pitfalls. Be specific about quantification and reporting-how to determine if sustainability has improved, and how to quantify, report, and communicate those results.

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# Kentucky

# Across the nation and around the world, business leaders and logistics providers are increasingly looking to the Commonwealth of Kentucky as a strategic partner on the cutting edge.

With business costs among the lowest in the nation, the state is poised to be the next superstar of the automobile industry. Called the new "Auto Alley" for its strong vehicle-manufacturing presence, Kentucky boasts four major auto assembly plants, as well as more than 440 motor vehicle-related facilities. Since 2010, the Bluegrass State has announced more than 120 automotive-related projects, accounting for more than \$2.4 billion in new investment and nearly 10,000 new jobs.

Earning national and international recognition for its hospitable business climate and profitable investment opportunities, Kentucky is home to thousands of domestic companies and more than 420 international operations representing 30 countries. More than 30 percent of all capital investment, and nearly 23 percent of new jobs announced in Kentucky in 2011, were a result of foreign-owned enterprises.

Factors luring new business to the state include industrial power costs nearly 22 percent lower than the national average, and logistics advantages such as two major air cargo hubs – UPS and DHL.

And Kentucky offers plenty of room for growth. The state offers three certified megasites ideal for large-scale manufacturing facilities, as well as more than 200 shovel-ready sites that are ripe for opportunity.

"Many of the world's most successful companies have discovered that Kentucky is a great place to build their business," says Gov. Steven L. Beshear. "The Commonwealth offers some of the most progressive financial incentive programs anywhere, a workforce with a can-do attitude, an unsurpassed quality of life, a burgeoning service sector, and a

wealth of high-tech opportunities."

Leading the list of Kentucky's logistics benefits is its location. "Trucks can reach about two-thirds of the U.S. population from Kentucky within one day," notes Erik Dunnigan, commissioner for Business Development for the Commonwealth of Kentucky. "For shippers, that accessibility is conducive to success."

## **Taking flight**

From this central site, business literally takes flight. Kentucky ranks third among U.S. states in air cargo volume. UPS maintains its international hub at the Louisville International Airport, where it has dramatically expanded its footprint in recent years. Meanwhile, DHL Worldwide Express operates headquarters in Erlanger, Ky., minutes from the Cincinnati/Northern Kentucky International Airport in Florence, Ky.

Given Kentucky's accessibility, it comes as no surprise that a long and growing list of specialized warehouse and third-party logistics (3PL) operations have made significant investments in the state. "Kentucky is at the center of a 34-state distribution area," says Larry Hayes, secretary, Kentucky Cabinet for Economic Development.



The UPS Worldport air hub at Louisville International Airport employs more than 20,000 workers and can process 84 packages every second. The huge number of shipments the facility handles helps Kentucky rank third among U.S. states in air cargo volume.

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# ROGER, KENTUCKY LOBSTER, YOU ARE **CLEARED FOR TAKEOFF.**

If you dined on fresh lobster last night, chances are, it originated in Kentucky. That's because Clearwater Fine Foods chose to locate its seafood distribution center just a few miles down the road from the UPS world air hub at Louisville International Airport. Turns out, shipping out of Kentucky is actually quicker and more reliable than it is from the coasts. So claw your way to greater competitiveness. **Let Kentucky add value to your supply chain.** 



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Cabinet for Economic Development



# Kentucky

With all these assets, Kentucky offers enormous advantages to the global automotive community that maintains such a strong presence in the state. A sophisticated supply chain fuels each of the state's auto assembly plants on a just-in-time basis. In fact, more than 300 auto subcontractors operate in Kentucky.

Among the examples of growth fueled by the automotive sector is the experience of the South Central Kentucky region.

"The General Motors Bowling Green Assembly Plant began a major refurbishment to its existing one-million-square-foot facility to add a new vehicle product program: the next-generation Chevy Corvette," says Jessica M.L. Thompson, marketing and communications director for the Bowling Green Chamber of Commerce. "The project created 250 new jobs, and brought more than \$131 million in capital investment to Warren County – the third-largest investment announced in Kentucky in 2011."

Elsewhere in the region, Sequa Automotive Group's attraction project in Morgantown was the fifth-largest job creation announcement in Kentucky during 2011. Sequa, which produces airbag safety system inflators, plans to create 280 new jobs by 2014, and invest more than

Automotive manufacturers, including GM (*right*) and Ford (*below*), maintain a strong presence in Kentucky.

\$7.2 million in Butler County.

The catalog of recent automotive sector growth rolls on. "Akebono Brake Corporation's expansion represented another large project for South Central Kentucky in 2011," notes Thompson. "The company added 60,000 square feet to its existing Glasgow facility, and announced plans for 224 new jobs, with expected investment of \$20.6 million. When complete, the expansion project brings employment at Akebono to more than 900 South Central Kentucky residents."

The South Central Kentucky region offers its own unique logistics benefits.





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"Being located on I-65 makes this region an ideal location for business, because it offers easy access to ground transportation," says Thompson.

"The region is also on the CSX main line, and its Kentucky Transpark has been recognized as one of only five Select Sites on the railway's 23-state network," she adds. "This designation marks South Central Kentucky as one of the premium locations for rail service. It is the only Select Site in Kentucky and Tennessee, and one of only two in the southeastern United States."

#### Setting the pace

The result of all this investment and growth is a jobs report that pushes Kentucky to the front of the pack. In October 2012, the U.S. Bureau of Labor Statistics ranked the state second in the nation for job growth over the past year. The Regional and State Employment and Unemployment Summary found that Kentucky's net job growth from September 2011 to September 2012 was 2.6 percent – second in the nation behind North Dakota's 5.6-percent growth.

This figure represents more than double the 1.1-percent average job growth of Kentucky's competitor states, which include Indiana, Ohio, South Carolina, Georgia, Virginia, Illinois, North Carolina, Tennessee, Alabama, Missouri, Mississippi, and West Virginia.

"The numbers show the Commonwealth is heading in the right direction," says Hayes. "The data is encouraging, but the state is not resting on its laurels. The state cabinet will do everything in its power to grow jobs and show why Kentucky is a perfect location to do business."

The state has reason to be proud of its job growth. From September 2011 to September 2012, businesses created more than 47,000 jobs in Kentucky. Some of these jobs stem from growth at companies such as General Electric, Ford, and CaféPress in Louisville; DHL and ZF Steering in northern Kentucky; Tempur-Pedic in Lexington; New York Blower in Leitchfield; Bruss North America in Russell Springs; Magna



Seating in Shepherdsville; Wild Turkey in Lawrenceburg; and Akebono Brake in Glasgow.

With all that job growth, state leaders are determined to quicken the pace. Gov. Beshear recently unveiled an expanded program, the Kentucky Innovation Network, designed to provide free business services to innovative startup companies.

"The Kentucky Innovation Network represents a valuable resource for the state's budding entrepreneurs, and is a leading reason the Commonwealth ranked fifth among all states in the rate of new company formation during the past decade," Gov. Beshear says. "By expanding the capacity of several locations, the organization will be better able to provide service to the rapidly growing number of innovative thinkers and small businesses throughout Kentucky."

### Leading the pack

The Kentucky Innovation Network helped create 198 new companies, and 811 new jobs paying an average annual salary of more than \$50,000, according to the network's most recent annual report. It also assisted client companies in raising \$127 million in private investments in fiscal 2012.

To achieve such results, cooperation is key. One example of such cooperation is The South Central Kentucky region, a 10-county partnership in which agencies collectively market the region's assets for economic growth.

"This partnership allows us to combine our resources and provide support to all counties' existing businesses and potential attraction projects," explains Thompson.

The Bowling Green Area Chamber of Commerce collaborates with the Commonwealth, Tennessee Valley Authority, and other agencies to market itself regionally while also maintaining its own county-level efforts.

"The regional partnership emphasizes that job growth in one county positively impacts the economy throughout all counties," Thompson says.



Kentucky's central U.S. location makes it a prime spot from which to distribute goods throughout the country by any transportation mode.

The companies these programs attract to the state can only help increase the resources available to Kentucky's other manufacturing and distribution businesses. And as the state's economy prospers, demand grows for more logistics and transportation providers to help distribute the products created there.

Kentucky has no intention of surrendering its lead in job growth and economic prosperity. "We are making progress, but we still have work to do," adds Gov. Beshear. "We will never stop pushing for more jobs and a stronger economy for the Commonwealth."

For information on featuring your region in an Economic Development Supplement, contact James O. Armstrong at 314-984-9007 or jim@inboundlogistics.com.

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# I.T. TOOIkit by Joseph O'Reilly

With store replenishment lagging behind sales growth, potato chip maker Golden Flake deployed a mobile inventory-tracking solution to satisfy its craving for stock visibility.

# Inventory Tracking: Crunching the Numbers

ood shoppers can be fickle. Demand is immediate, but bad impressions last a lifetime. Brand awareness and affinity are intrinsically tied to inventory availability at the store shelf—in effect, how well manufacturers and retailers can sense demand shifts, push those signals to distribution facilities, and trigger replenishment. When buyers get what they want, when they want, they come back for more.

Golden Flake Snack Foods – a Birmingham, Ala.-based manufacturer and distributor founded in 1923 – recognized that as its business grew, it couldn't replenish inventory fast enough to ensure store shelves were fully stocked with its potato chips, pork skins, tortilla chips, cookies, and other products. Between 2009 and 2010, its sales more than doubled, in spite of the U.S. economic recession.

The company distributes its snack foods through retailers in 12 southern states, and sells direct to consumers in bulk quantities from its Web site. Golden Flake relies on a team of 600 sales representatives to visit customer stores, remove out-of-date product, issue credit checks when necessary, and restock shelves with inventory from their trucks.

Until recently, sales associates placed product orders by mailing forms to the company's headquarters. Processing the forms often took up to two weeks. As reps fulfilled orders, they had no way of knowing if there was sufficient inventory to cover demand. If they accidentally sold more merchandise than they had on the truck, they had to void the order and file it again, contributing to a tedious and time-consuming process.

Golden Flake invested in mobile inventory tracking devices to make the process more efficient-but that, too,

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failed, because bandwidth was so limited that only 10 reps could place orders at the same time. More problematic, the technology had limited effectiveness in maintaining accurate inventory counts, so Golden Flake still had to rely on its paperbased system as a backup.

## **Making a Connection**

Golden Flake turned to telecommunications services provider AT&T, with whom it had an established relationship through its suite of voice and data services. The company learned that a small upgrade in the technology it was using—paired with AT&T's mobile broadband network—would allow its 600 sales reps to upload all their data in real time.

"Golden Flake was looking for a more efficient way to handle order placement, improve inventory management, and decrease the time required to deliver products to grocery shelves," says Walt Rivenbark, executive sales director, Advanced Mobility Solutions, AT&T Business Solutions. "It wanted to make key



Dipping into new technology allowed Golden Flake to more accurately forecast customer demand and optimize production schedules.

supply chain decisions in real time."

Golden Flake made the switch, equipping its sales force with Intermec CN3e handheld computers as part of a mobility solution that runs on the AT&T wireless network. The mobile solution allows Golden Flake's sales force to place orders in real time, eliminating the replenishment lag that existed before. Now they have an accurate count of available inventory in their trucks, and spend less time processing orders and more time engaging retail customers. Sales reps are also able to record cash or checks when they receive customer payments, expediting the cashto-cash cycle.

More importantly, the snack food company has been able to engineer a better way to capture inventory data at the point of demand, sharing that information with customers, and increasing efficiencies and economies upstream in the supply chain.

## Facilitating Demand-Driven Processes

While the consumer-facing benefit of having product consistently available is clear, access to real-time data has created a positive domino effect elsewhere within Golden Flake's supply chain, contributing to a number of competitive advantages.

"Placing orders in real time makes it easier to schedule deliveries that will accurately meet customer demand," says Patty Townsend, chief financial officer, Golden Flake Snack Foods. "This means we can order just the right amount of potatoes and other necessary ingredients, which enables us to keep fresh products on the shelves and in consumers' hands."

Golden Flake uses more than 100 million pounds of potatoes a year, sourcing product from as far afield as the Dakotas and Florida. Because starting production as soon as potatoes arrive results in the best-tasting chips, finding efficiencies in this process can really pay dividends in flavor—and take a bite out of production expenses.

Better demand visibility at the store shelf has similarly enabled the company to optimize its delivery schedules, which is critical given rising fuel costs.

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Out in the field, customer service has also improved. Golden Flake can respond to order inquiries immediately, whereas in the past reps would have to search paper records, then fax or mail the customer a copy of the order. With better inventory visibility and responsiveness, stores have more confidence in their ability to replenish stock.

"Our sales reps never sell more product than we have in stock," explains Townsend. "They also track the freshness of products in stores. This enables us to ensure customers are purchasing just the right amount of product for their needs. Our efficiency becomes our customers' efficiency."

## Raising the Bar on the Go

For smaller food manufacturers such as Golden Flake, enterprise-wide technology deployments can be a challenging proposition. "Our network person also orders the potatoes," Townsend notes. "We all wear

	-
-	Intermec
	CN3e
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many hats at this company."

AT&T's mobile solution provided a simple fix to a growing problem. But the benefits of having a better means to capture and communicate inventory demand, then align it with upstream manufacturing and sourcing processes, has profoundly impacted Golden Flake's ability to efficiently meet customer expectations.

# Golden Flake's sales force uses Intermec's mobile devices to place orders in real time.

"Many businesses view mobility solutions as tools that can help increase efficiency and productivity," says AT&T's Rivenbark. "We see mobility differently. It's a critical asset for driving new revenue generation and competitive advantage.

"Our solutions allow customers to connect supply and demand almost instantly," he adds.

AT&T's mobility solution has provided Golden Flake with economies and efficiencies far beyond what the company originally expected.

"This type of efficiency in the field has improved overall customer service, simplified the payroll process, saved \$200,000 a year in paper costs, and allowed us to deploy a \$6-million enterprise resource planning system to enhance our wireless inventory solution," says Townsend.



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# Transportation – WMS

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# White Paper Digest

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.



# EnVista TITLE: Managing Inbound Freight Fuels Greater Efficiencies LENGTH: 4 pages

DOWNLOAD:http://web.envistacorp.com/wp\_managing-inbound-freight-fuels-efficienciesSUMMARY:Need to reduce transportation costs? Inbound transportation is an arearich with opportunity. In this whitepaper, you will learn how transportationmanagement systems have evolved to better address expanding inboundrequirements and ways to reduce your transportation spend.

## **RWI Transportation**

TITLE:2012 Temperature-Controlled Transportation ReportLENGTH:16 pages

**DOWNLOAD:** http://rwitrans.com/resources/whitepapers.asp

**SUMMARY:** This study, based on a survey of North American shippers, examines the top challenges faced in temperature-controlled transportation. It provides interesting insights and information about best practices, common challenges, and emerging trends in today's temperature-controlled market. The report is provided by RWI Transportation, an asset-based logistics company offering temperature-controlled transportation. RWI manages in excess of 100,000 shipments annually, including both temperature-controlled and dry freight.

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# **C3 Solutions**

## TITLE: A Guide to Better Understanding the Value Of Automated Dock Scheduling

# **LENGTH:** 15 pages

**DOWNLOAD:** http://bit.ly/dockscheduling

**SUMMARY:** This whitepaper's objective is to help industry professionals understand the basics of dock scheduling, supported by real industry case studies. It will help you:

- Assess whether you need a dock scheduling system.
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- Evaluate which solution is best for your business.

You will also find a table for an easy comparison among different types of dock scheduling systems in terms of their criteria and benefits.

#### Railserve

- TITLE: Utilizing Genset Technology in Locomotive Power
- **LENGTH:** 6 pages
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SUMMARY: This whitepaper supports intermodal industry sustainability efforts to meet EPA emissions standards by replacing conventional locomotive engines with modern, low-emissions diesel engines. Findings presented in the whitepaper show significant emissions decreases through the use of genset technology, including NOx reductions of up to 84 percent. Some switching operations have realized fuel savings of up to 65 percent, and are experiencing greater pulling power with their genset locomotives.

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SUMMARY:	Transportation service providers today are increasingly multi-faceted businesses. 3PLs run fleets to assure capacity, private fleets offer the same security for shippers, and for-hire carriers offer logistics services, dedicated carriage, and intermodal operations. A comprehensive transportation management system (TMS) technology platform from TMW Systems can uniquely support all the business and functional diversity of these mission-critical providers.

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# //Services//

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Atlas World Group launched a new subsidiary, **AWG Logistics**, a non-assetbased third-party logistics provider offering supply chain solutions that integrate transportation, warehousing, and technology.

#### Regal Logistics' new

120,000-square-foot distribution center in Garden Grove, Calif., near Los Angeles, is designed for high-volume shipping, with 27-foot clear height for maximum storage capacity and technology infrastructure including a warehouse management system, full electronic data interchange capability, and real-time online shipment tracking.

**Associated Global Systems** opened a new 9,000-square-foot facility in Orlando, Fla., to offer warehousing, distribution, and parts logistics services to businesses

## ADVERTISEMENT PRODUCT SPOTLIGHT



**Drawback.NET** is the most comprehensive duty drawback software solution on the market today. Drawback.NET is a culmination of 30+ years of experience and market-tested applications, evolved into an industry leading and vital component for drawback processing.

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Dutycalc Data Systems www.dutycalc.com Email: info@dutycalc.com 530-637-1006 (Pacific Time) Online Demonstrations Available by Appointment EPSON



**Epson America** introduced the ColorWorks C3400-LT Color Label Terminal, which prints durable color labels on demand for retail, logistics, and manufacturing applications. The printer features a rugged water- and dustresistant design, Ethernet interface, and six USB ports for additional devices.

in central Florida, including Melbourne, Tampa, and Jacksonville.

**ChemLogix** introduced a new freight brokerage service, CapAssureLX, which provides Web-based systems to coordinate, manage, and track shipments across modes including bulk (liquid and dry); dry van truckload (over-the-road, refrigerated, and intermodal); specialized (flatbeds, step downs, or double drops); and drayage. The service electronically broadcasts logistics requirements to the market and identifies available trucking assets in the network to match capacity to shipper needs in any lane.



**LeanLogistics** enhanced its *On-Demand TMS* Software-as-a-Service transportation management system with a global logistics management and trade compliance module. New features include connectivity with leading ocean carriers and non-vesseloperating common carriers to facilitate booking management; product classification; import and export control checks; documentation determination; restricted party screening; and ocean freight settlement.

#### British Telecommunications' BT

*Trace* supply chain solutions portfolio now includes cloud services to provide a near real-time view of end-to-end supply chain operations.

AdvancePro Technologies released a new version of Advance Pro inventory management software, which includes enhancements to features such as resource management, sales tax per line item, batch invoice email, cycle counts and picking location functionality, landed cost freight management, SKU activity dashboard, and direct vendor billing.

Suitable for use in warehousing, transportation, and distribution environments, **MobileDemand's** Windows 8 xTablet T12OO rugged tablet computer offers an integrated bar-code scanner, RFID reader, and GPS; built-in numeric keypad; high-resolution front- and rearfacing cameras; and two USB ports.

**Motorola Solutions** introduced the HC1 headset computer, suitable for use in harsh environments and remote locations. The headset provides handsfree mobile computing and access to business-critical documents.

Aldata's Omni-Shopper Suite for retailers and consumer goods manufacturers captures and consolidates shopper interaction data across all channels and uses it to drive more effective supply and fulfillment. The Omni-Shopper Fulfillment

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component provides real-time product availability, replenishment, and order commitment.

Freight bill processor and auditor **Data2Logistics** launched its Document Control Program, which ensures qualitycritical documentation – including client specifications, carrier rates, and internal work instructions – is successfully and continually captured, maintained, and validated.

TempTRIP's ultra-high-frequency radio identification tag provides cold chain time/temperature monitoring. When shipment handlers press a button on the tag, an LED light on the tag blinks red if the temperature is out of range, or displays a solid green if conditions meet the programmed parameters.



**NYK Line** added the 250,000-DWT class ore carrier *Shagang Sunshine* to its fleet. The vessel was built to carry the maximum loading capacity allowed at ports in western Australia, and will transport ore and coal from Australia to China.

## ADVERTISEMENT PRODUCT SHOWCASE



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On Monday, January 21, keynote speaker Steve Forbes, Chairman and Editor-in-Chief of Forbes Media will assess the impact of the newly elected President and his administration on the future of the economy and business growth. Tuesday will feature a keynote by Henrik Christensen, KUKA Chair of Robotics & Director of Robotics at Georgia Tech on the new wave of robotics that is revolutionizing manufacturing and distribution operations. Wednesday, futurist Edie Weiner will lead a keynote panel discussion of industry leaders on the future of material handling, logistics and the supply chain.

Find detailed information go to www.ProMatShow.com

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# **NEW SERVICES & SOLUTIONS**



Louvered Floor Rack, which can hold up to 1,250 pounds, features options such as single- or double-sided racks, wall- or floor-mount, and three rack-and-bin configurations.



# //Transportation//

Yusen Logistics added a new less-thancontainerload service from Taiwan to Los Angeles. The direct service sails from Keelung every Tuesday and arrives at Los Angeles 13 days later, and is supported by a domestic distribution network and intermodal service to all major inland U.S. destinations.

**FedEx Freight** Priority and Economy shipments to, from, and within Canada now offer a 10:30 a.m. delivery option, allowing shippers to better plan staffing and manufacturing schedules, and manage tighter inventory levels.

### SynchroNet Intermodal Services

launched a new service, DoorLogistics, which provides standard door-to-door pricing and support services for 20-, 40-, and 45-foot ISO containers. The service offers access to capacity from many inland and coastal origins to destinations across the United States and Canada.

### San Antonio Central Railroad now

operates within Port San Antonio's East Kelly Railport. It also transfers railcars from nearby Union Pacific and BNSF Railway trains, and delivers the cargo to logistics, manufacturing, and warehousing businesses located at the port.

**Old Dominion Freight Line** expanded its Morristown, Tenn., service center to include 347 doors and capabilities for enhanced less-than-truckload shipment processing.

Virgin Atlantic Cargo added daily flights from Cape Town, South Africa, to London, New York, Chicago, and Miami. Served by 18.7-ton-capacity Airbus A340-300 aircraft, the flights carry general cargo and perishable exports such as fish and fresh fruit.

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INBRIEF



# Choosing a 3PL Partner Just Got Easier.



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Whether you need to outsource your entire logistics operation, or just one segment of it, choosing the right third-party logistics partner can be a complex challenge. In response to reader requests, *Inbound Logistics* offers an online 3PL RFP tool to help simplify your selection process.

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# CALENDAR

January 21-23, 2013, Jump Start 2013, Atlanta, Ga. Join shippers, carriers, and logistics service providers at this transportation conference, sponsored by SMC<sup>3</sup>. Session topics include next steps in CSA compliance, capacity shifts, transportation technology innovations, cross-border trade, and cold chain loss prevention and claims. Best-selling author Daniel Pink delivers a keynote presentation on the science of motivation.

## 800-845-8090 www.smc3jumpstart.com

## January 21-24, 2013, ProMat, Chicago, Ill.

See the latest materials handling solutions and innovations the industry has to offer. At this event, sponsored by the Material Handling Industry of America, attendees learn to streamline transportation and logistics operations and improve visibility; maximize efficiency, flexibility, and supply chain security; cut costs; and reduce their carbon footprint.

> 800-345-1815 www.promatshow.com

February 3-5, 2013, Georgia Foreign Trade Conference, Sea Island, Ga. Hosted by the Georgia Ports Authority, this event offers business sessions to senior-level shippers and maritime executives from across North America. An elite panel of speakers addresses issues facing shippers, carriers, ports, terminals, and the maritime community into the next century, as well as the changing legislation and new technologies affecting business.

> 888-645-7304 gaforeigntrade.com

## February 11-14, 2013, Reverse Logistics Association Conference and Expo, Las Vegas, Nev. Seminars cover reverse logistics-focused topics of interest to original equipment manufacturers, retailers, and third-party service providers. Learn the latest best practices, trends, and strategies for returns processing, Lean repair,

service logistics, warranty support, and asset management.

801-331-8949 http://rltshows.com

February 17-20, 2013, Retail Supply Chain Conference – Logistics 2013, Orlando, Fla. Retail is becoming more and more multi-channel. It's imperative that your supply chain provide seamless transitions whether customers purchase online, in the store, or over the phone. This RILA conference brings you the content, people, and solutions to make that happen.

801-331-8949 www.retailsupplychain.org

March 18-19, 2013, American Association of Port Authorities Spring Conference, Washington, DC. This event examines issues in the maritime industry relevant to all Western Hemisphere ports, including federal port security initiatives, new economic development opportunities, export initiatives, and infrastructure funding and policy reform efforts.

> 703-684-5700 www.aapa-ports.org

April 15-17, 2013, National Logistics & Distribution Conference (NLDC), Atlanta, Ga. Organized for senior-level supply chain executives by Georgia Tech's Supply Chain & Logistics Institute, NLDC offers three educational tracks—Identifying Change: Supply Chain Tipping Points; Digital Change: Technology's Impact on Customers and Commerce Within the Supply Chain; and Leading Change: Executive Leadership in Strategic Planning.

800-998-6517 www.nldcinfo.com

**April 21-24, 2013, COSTHA Annual Forum and Expo, San Diego, Calif.** The Council on Safe Transportation of Hazardous Articles presents expert guidance on navigating the continually evolving regulations for shipping dangerous goods. The program's diverse offerings explore new technologies, regulatory requirements, legal trends, and strategies for protecting your corporate profits through enhanced compliance, risk management, and training.

703-451-4031 www.costha.com

April 21-24, 2013, NASSTRAC Logistics Conference & Expo, Orlando, Fla. Hosted by the National Shippers Strategic Transportation Council, this conference attracts transportation and supply chain executives from manufacturers, retailers, and distributors, as well as 3PLs and carriers. Educational sessions feature leading motor carrier and logistics service provider executives discussing issues facing the trucking industry and logistics sector; and shippers explaining best practices in their supply chain strategies. The event also features a full exhibition showcasing new transportation services and solutions.

> 952-442-8850 x208 www.nasstrac.org

May 1-2, 2013, IANA Intermodal Operations and Maintenance Seminar,

**Oak Brook, III.** This Intermodal Association of North America event is designed for intermodal operations and maintenance specialists who want to learn about the latest trends and challenges in their segment of the industry.

> 301-982-3400 www.intermodal.org

May 5-12, 2013, Supply Chain Logistics Management, Lansing, Mich. Offered by Michigan State University's Executive Programs, and co-sponsored by the Council of Supply Chain Management Professionals, this program emphasizes supply chain integration, performance measurement, technological application, organizational dynamics, and the lessons learned from global world-class logistics organizations.

> 800-356-5705 http://execed.broad.msu.edu

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# LOGISTICS OUTSIDE THE BOX THE LAST MILE

# Coming to Terms: A Nod to the Nautical

Some common phrases and idioms derived from one of the oldest transportation trades: maritime shipping. Here's the scuttlebutt.

# "scuttlebutt"

A butt was a barrel, and scuttle meant to chop a hole in something. The scuttlebutt was a water barrel with a hole cut into it so that sailors could reach in and dip out drinking water. The scuttlebutt was where ship gossip was exchanged.

# "slush fund"

Ships' cooks would obtain a slurry of fat called "slush" by boiling or scraping empty salted meat storage barrels. The cooks often sold this slush ashore for their own benefit or for the crew. The money so derived became known as a slush fund.

# "pooped"

The poop is the stern section of a ship, and to be pooped is to be swamped by a high, following sea.

# "leeway"

The weather side of a ship is the side from which the wind is blowing. The lee side is the side of the ship sheltered from the wind. A lee shore is a shore that is downwind of a ship. If a ship does not have enough "leeway", it is in danger of being driven onto the shore.

# "above board"

Anything on or above the open deck that is open and in plain view.

# "rummage sale"

From the French "arrimage," meaning ship's cargo. Damaged cargo was sold at a rummage sale.

# "know the ropes"

There were miles of cordage on a square rigged ship. The only way of keeping track and knowing the function of these lines was to know where they were located. It took an experienced seaman to know the ropes.

# "pipe down"

The Pipe Down was the last signal from the bosun's pipe each day, which meant "lights out" and "silence."

# "skyscraper"

A small triangular sail set above the skysail in order to maximize effect in a light wind.

# "buoyed up"

Using a buoy to raise the bight of an anchor cable to prevent it from chafing on a rough bottom.

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