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CHECKINGIN

Felecia Stratton

by Felecia Stratton | **Editor**

Shining the Light on Pioneers and Prospects

During its annual conference in October, the Council of Supply Chain Management Professionals (CSCMP) commemorated its 50th anniversary. Important milestones like this breed nostalgia. Understandably, then, much of this year's conference in Denver focused on honoring pioneers who helped shape our industry.

While it was interesting to look back, many conversations I had with CSCMP attendees focused on the future, and the importance of recruiting and developing the next generation of supply chain professionals.

As more millennials log on, experienced baby boomers are signing off. The demands on, and expectations of, this youth movement are considerably different than one decade ago.

Students coming out of today's universities matriculated through supply chain programs that didn't even exist 10 years ago. But, while they're ready to enter the workforce armed with advanced knowledge about supply chain theory, do they have the practical experience employers are seeking?

One 3PL executive I spoke with wants to hire problem solvers—people who can think outside the box while standing on their feet as they probe and process new challenges. Fundamentally, he says, young professionals fresh out of college have their back wheels on the ground, but that front-end savvy has yet to land.

But the talent gap might not be what you think. A recent *Time* article cites two independent surveys that offer a clue:

- More than 60 percent of employers say job applicants lack "communication and interpersonal skills"—a jump of about 10 percentage points in just two years, according to The Workforce Solutions Group at St. Louis Community College.
- Staffing company Adecco reports: "44 percent of employer respondents cite soft skills such as communication, critical thinking, creativity, and collaboration, as the area with the biggest gap." Only half as many say a lack of technical skills is the problem.

What industry gray hairs may sacrifice in formal supply chain education and technology acumen, they more than make up for with interpersonal skills, experience, and ambition. Technology facilitates communication and collaboration, but it will never be a replacement for personal engagement. For many millenials, face time has never competed with screen time.

That's the narrative that frames CSCMP's 50th anniversary. Companies are challenged with celebrating one generation and cultivating another—shining the light on both pioneers and prospects. ■

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Inbound Logistics
1 OCT 2013
New Transatlantic Trade Pact Could be Favorable TTIP-ing Point–Inboundlogistics.com
The Transatlantic Trade and Investment Partnership (TTIP) agreement could help increase trade and create jobs.

Randall (Randy) L. Edwards:
I read this; it sounds very hopeful.

2 OCT 2013
Hiring Heroes: A Good Deal for U.S. Companies–Inboundlogistics.com
The logistics sector is waging war against high unemployment among veterans with aggressive hiring programs that benefit both sides.

Dana Barrette
Could not agree more. "Once veterans get trained, we hit the ground running."

I have been subscribing to your magazine for the past several years. Instead of receiving the printed version, is there an e-version I can download on my iPad? I want to save some trees, and it's much easier to carry around.

Kate Prine, Qisda America Corp.

EDITOR'S REPLY: Just go to bit.ly/Get_IL and enter a subscription request for the digital edition. Every month, you'll receive an alert when your issue is ready for download. You can open the issue in iBooks, and compile a complete searchable library of all *Inbound Logistics* issues. More details on how to download the iPad edition are available at bit.ly/R7XrE3

Inbound Logistics
6 OCT 2013
Bringing risk management into the heart of the supply chain bit.ly/1bIS104 via @ILMagazine

Kasypi Mokhtar @Mkasypi
@ILMagazine - Relatively new concept for supply chain, and good impact.

Inbound Logistics
13 OCT 2013
"Sell by" Dates Cost Shippers Billions in Wasted Perishable Goods bit.ly/12VCQtx via @ILMagazine

Liam @LiamFassam
@ILMagazine I couldn't agree more. Value chains need to innovate more to build sustainability in food logistics.

Inbound Logistics
15 OCT 2013
Load Boards and Exchanges: Finding the Perfect Match–bit.ly/18nlexE via @ILMagazine

GoTorizon @GoTorizon
@ILMagazine This is very interesting. But my fear is that providers (carriers, 3PLs) become commodities themselves. What about service?

Inbound Logistics
16 OCT 2013
5 Tips for Landing a Successful Supply Chain Internship - bit.ly/17lkoxQ via @ILMagazine

Smith Corona @sclabels
@ILMagazine We had supply chain interns develop a useful system for tracking orders. Their knowledge was invaluable.

HOT TOPICS | *IL* articles getting the most impressions on LinkedIn: 3PLs Can Provide Soft Cost Savings for Small Businesses bit.ly/15WRy9X • Trucking Perspectives 2013 bit.ly/14GRg5e • Expecting the Unexpected: The True Test of Leadership bit.ly/17zpXue • Healthcare Logistics Gets a Shot in the Arm bit.ly/185L8kt

10TIPS

STEP-BY-STEP SOLUTIONS

by Deborah Catalano Ruriani

Creating a Greener Warehouse

Reducing warehouse energy and water consumption ultimately helps companies improve their bottom line and bring value to customers. Tim Barrett, COO, and Arthur Barrett, president of Massachusetts-based Barrett Distribution offer their tips for creating a greener warehouse.

1 **Reduce energy waste.** Implement strict rules for truck idling time in parking lots and at loading docks. Create clear procedures for opening and closing loading dock doors. Ensure office and warehouse spaces are properly insulated.

2 **Employ efficient lighting.** Replace older, inefficient fixtures that require frequent bulb changes with bright, efficient LED lighting, focused appropriately in work areas. Install motion detectors in warehouse and office areas, and consider skylights in warehouse areas, along with sensors that adjust lighting based on the amount of sunlight shining in.

3 **Utilize solar energy.** Hundreds of square feet of roof space without solar arrays represent a wasted opportunity. Implement state-of-the-art solar power systems to generate energy. Tax and energy incentives improve the return on this investment.

4 **Monitor usage with smart meters.** In many areas of the country, smart meters are becoming available for commercial use. Not only can businesses better monitor energy usage, but as utilities develop "time of day" energy rates, companies can adjust usage accordingly. For example, electric forklifts can be charged on a schedule that benefits the power company, avoiding peak surcharges.

5 **Investigate energy monitoring software.** These tools make it easy to identify and remedy inefficiencies in electricity, gas, and water use. Look for software that monitors energy and resource usage across multiple facilities, and compares it to both industry benchmarks and similar facilities in your network. Having all this data in one screen helps track and identify improvement opportunities.

6 **Create energy zones.** Distribution centers have distinct usage patterns, all of which can be optimized in different ways. Installing separate meters in facilities, offices, warehouses, and refrigerated sections allows businesses to isolate and optimize each area accordingly.

7 **Install water-saving fixtures.** Waterless urinals, dual-flush toilets, and motion-detecting faucets can all reduce water usage. Motion detectors on restroom lights, and high-efficiency hand dryers, also contribute toward savings.

8 **Optimize facility layouts.** To reduce costs and improve efficiency for customers, management should continuously analyze product movement, as well as demand seasonality. Well-designed facilities increase picking efficiency, which, in turn, minimizes energy use, time, and effort.

9 **Involve employees and suppliers.** Employees are key contributors to sustainability improvements. Educate them in sustainable behaviors, and suggest additional ways to improve. Seek ways to eliminate packaging, and choose warehouse locations that are most accessible to the manufacturers and end users you serve.

10 **Focus on reverse logistics.** Efficient asset recovery reduces carbon footprint and landfill impact by returning these goods to a saleable condition for re-use. This translates into energy savings and waste reduction, providing economic value and savings for all parties in the supply chain. Even where you cannot return product to saleable condition, you can recover value and reduce landfill impact through donations, secondary market sales, and recycling. ■

READER

PROFILE

as told to Merrill Douglas

Mara Gonzalez is director of purchasing at Vino del Sol, a specialist in Argentinean wines that also markets wines from California, Chile, Japan, and New Zealand. Based in Arlington, Va., Gonzalez has served in her current position since 2011.

RESPONSIBILITIES

Overseeing the entire supply chain, with work focused on purchasing, administration, and regulatory compliance.

EXPERIENCE

Assistant to divisional merchandise manager, junior buyer, buyer–softlines division, Walmart Argentina; divisional merchandise manager, textiles, Metro Supermercados; purchasing agent, director of administration, director of purchasing and logistics, Billington Imports; director of operations, Emerald Wines, a division of Winebow Inc.; director of purchasing, Winebow Inc.; replenishment manager–new stores group, Total Wine & More.

EDUCATION

Lic. international relations (equivalent to MA in international relations), Universidad del Belgrano, Argentina, 1994.

Mara Gonzalez: Import Expert

WHEN I FIRST MOVED TO THE UNITED STATES from Argentina, I lived in Los Angeles and worked for Billington Imports, a wine company. Although I wasn't an expert, I had recently lived in the Argentine province that produces most of the country's wine, so I knew enough about the industry to pick up what I needed to learn.

Today, at Vino del Sol, I work closely with suppliers, helping them anticipate demand so they can plan production and procure dry goods for packaging.

At the same time, I work with our customers, tracking their needs and keeping an eye on the sales programs they have scheduled. I coordinate the company's efforts to ensure we place our purchase orders in time, and that our orders arrive at our distributors' warehouses when needed.

With many variables to juggle, and all kinds of factors that can cause delays, it's a challenge to support high-volume programs at big retail chains. Recently, for instance, our suppliers in Argentina were having trouble getting paper for labels and cardboard for packaging. They also faced export documentation issues.

On top of that, it was still winter in Argentina. With the pass across the Andes closed sporadically, it was hard to know whether trucks could get through. Then Chile celebrated a national holiday, which shut the ports there from Thursday through Monday. Those kinds of logistical issues can add a week or two—sometimes more—to a shipment.

In anticipation of those types of delays, I try to build extra time into our schedules.

The Big Questions

What might we be surprised to learn about you?

As a child in Argentina, I spoke German at home before I spoke Spanish, and I went to a German school. Also, I'm an amateur astrologer and tarot card reader.

What would you like to receive as a surprise gift?

An open plane ticket to go anywhere I wish.

What's your favorite way to procrastinate?

Surfing the Web and reading interesting articles.

What movie could you watch one million times without getting tired of it?

Women on the Verge of a Nervous Breakdown is the only movie I've seen more than three times.

But when a customer places a rush order, we don't have the luxury of a 60- or 90-day lead time.

In those situations, I use inventory from our warehouse in California to cover as much as possible. If there isn't enough product in the pipeline from overseas, we immediately expedite replenishment for the unexpected spike.

When I joined Vino del Sol in 2011, I suggested we use a business intelligence tool called *Diver*, from Dimensional Insight, to gain better visibility into our operations. My boss agreed, and put me in charge of implementing the solution.

I had become a power user of the *Diver* solution in a previous job, but I'm certainly not an information technology professional. Nevertheless, I worked with the vendor to input all the necessary data into the system and configure our customized reports.

I also worked with our customers to link them into the system. It was a mega project, and I'm extremely proud of how it turned out. The system has brought us a deeper understanding of our business, allowing us to gain any view we need of our day-to-day activities.

Now we're in the middle of a three- to six-month project to reorganize the company's operations. Vino del Sol is growing extremely fast – we've doubled our size in the past few years. We're updating all our processes to fit our new structure and our current volume. ■

NOTED

THE SUPPLY CHAIN IN BRIEF

GOOD WORKS

Logistics technology provider **Ingram Micro** organized a team to participate in the Susan G. Komen Race for the Cure in Newport Beach, Calif. The nearly 100 walkers and runners raised more than $23,000 for breast cancer research.

The South Carolina Ports Authority has awarded $30,000 to nonprofits and the Charleston County School District as part of its Community Giving program. The program rewards nonprofits that impact maritime commerce, economic development, environmental awareness, or community outreach.

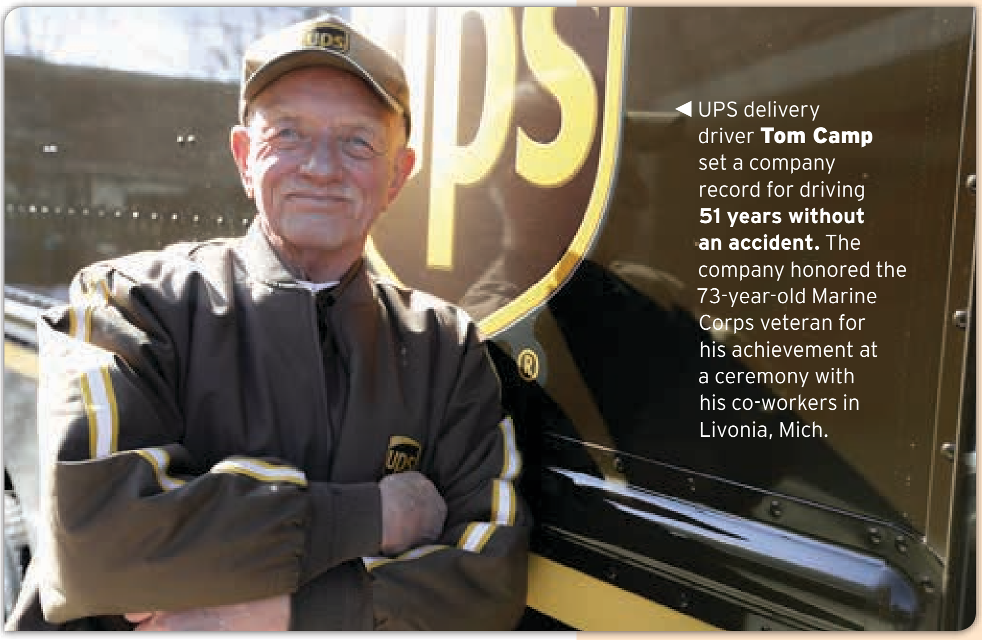
Electrical, communications, and data networking product distributor **Graybar** raised more than $117,000 for charity through its community program, Graybar CARES, in the third quarter of 2013. Charities that benefited from the donations include Big Brothers Big Sisters of America, the American Cancer Society, and the American Red Cross

recognition

▶ **TNT Express** was named CEVA Logistics' **Road Supplier of the Year 2013**, one of CEVA's global supplier awards that recognize best practices and operational excellence.

The American Trucking Associations' (ATA) Trucking Association Executives Council honored **J. Michael Kelley**, chief sustainability officer and vice president of external affairs for YRC Worldwide, with the **J.R. Bob Halladay Award.** The award recognizes individuals for outstanding contributions in supporting the work and efforts of the 50 state trucking associations and conferences that make up the ATA.

Global supply chain services company **UTi Worldwide** received an **Innovation Award** from Sam's Club's import logistics team for optimizing the fixed racking storage profile in a Charleston, S.C., distribution center. The solution eliminated the need for overflow storage during peak seasons.



◀ UPS delivery driver **Tom Camp** set a company record for driving **51 years without an accident.** The company honored the 73-year-old Marine Corps veteran for his achievement at a ceremony with his co-workers in Livonia, Mich.

The Association of American Railroads honored **Warren Bruce Beach** of Union Pacific Railroad with the **2013 David W. Fries Award**. Beach received the honor for exemplary risk management efforts and practices in the railroad industry.

Penske Logistics earned Whirlpool Corporation's **Finished Goods Warehousing Provider of the Year Award**. Penske was recognized for boosting year-over-year productivity, delivering cost savings, and initiating safety improvements to benefit Whirlpool's supply chain network.

GREEN SEEDS

Paragon Software Systems added a carbon minimizer function to its routing and scheduling optimization software. The new function helps users consider and reduce carbon emissions and fuel consumption while planning schedules.

▼ **M&M Cartage** began a green transportation initiative that includes a $7.5-million investment in building materials and capital equipment. The end goal is constructing a new headquarters with green efficiencies, and purchasing new trucks powered by compressed natural gas.

m&a

Multimodal transportation solutions provider **Kewill** bought **Four Soft,** a supplier of supply chain execution software. Through the acquisition, Kewill now has customers in more than 100 countries, and Four Soft's solutions will provide enhancements to the Kewill MOVE software platform.

Transportation, supply chain management, and packaging solutions provider **OIA Global** bought **U.S. Worldwide Logistics**, a provider of freight forwarding, warehousing, and distribution services. The acquisition enhances OIA's service portfolio in the Cincinnati-Northern Kentucky reg

SEALED DEALS

DHL signed an agreement to provide freight management operations for **BP's** oil and gas exploration and production business. In addition, DHL Global Forwarding now provides inbound freight forwarding services to support BP's major capital projects and global operations.

Children's apparel retailer **The Children's Place** now uses **GT Nexus'** cloud supply chain platform. The retailer deployed GT Nexus to streamline processes, including order collaboration, factory management, supply chain visibility, and transportation management.

C.H. Robinson Worldwide joined **CargoNet** to strengthen security around sensitive and high-value freight. C.H. Robinson now leverages and incorporates data from CargoNet and internal sources to provide decision-making intelligence about areas the company should avoid in order to safely manage supply chains.

Numerex Corp., a provider of machine-to-machine enterprise solutions, signed a deal to provide supply chain asset monitoring and management services to **John Deere's** operations in Moline, Ill.

Hunting gear and lifestyle apparel marketer **Legendary Whitetails** selected **NGC Software's** solution to streamline its operation. Legendary Whitetails expects to gain improved workflow management, reduced time to market, centralized and collaborative access to data, and advanced raw materials management capabilities from the software.

▼ **GE** selected **Amber Road's** global trade management solution to consolidate and automate its trade operations within a new center of excellence program. This central group will manage trade for all GE business units.

IN MEMORIAM

John R. "Jack" Congdon

John R. "Jack" Congdon recently passed away at age 80, following a battle with cancer. Congdon joined his family's company, Old Dominion Freight Line, in 1951 after serving in the U.S. Army as a military policeman, and held numerous positions within the company, including senior vice president and vice chairman of the company's board of directors.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TRENDS

SHAPING THE FUTURE OF LOGISTICS

Healthcare Execs Target Logistics Pain Points

Regulatory compliance is the chief supply chain challenge facing global healthcare logistics executives, closely followed by product security and cost management, according to UPS's annual survey of the top supply chain and business challenges and investment plans of global healthcare logistics executives in the pharmaceutical, biotech, and medical device industries.

by Joseph O'Reilly

Of 440 people surveyed in the *UPS 2013 Pain in the (Supply) Chain* report, 63 percent say regulatory compliance is now a "top supply chain challenge," with 47 percent of decision-makers citing the issue as a major barrier to global expansion.

For the first time since the survey's inception six years ago, product security surpassed cost management as a top supply chain concern, with 52 percent of executives citing product security as a major issue, compared with 51 percent for cost management.

The 2013 survey also "probed more deeply than before" into successful strategies executives have employed to address these challenges, says Scott Szwast, marketing director, healthcare, at UPS.

When it comes to regulatory compliance, 49 percent of those who successfully addressed this issue invested in technologies such as bar coding and serialization—with 42 percent also increasing their roster of regulatory staff, and 41 percent hiring regulatory consultants.

"Of those who saw success in addressing product security, 61 percent invested in shipment insurance, 56 percent invested in IT, and 47 percent enhanced in-transit monitoring and intervention," Szwast adds.

The survey also reports that 56 percent of decision-makers use logistics and distribution partnerships to manage cost, while 53 percent invest in IT, and 50 percent perform supply chain optimization analysis.

UPS also quizzed companies about their plans to increase efficiencies and improve competitiveness over the next five years—and found that 84 percent will invest in new technologies, 78 percent will tap new global markets, and 70 percent plan to increase their use of new distribution channels and models.

"There is a sense of urgency to create positive, meaningful change in the industry as healthcare executives focus on implementing transformative supply chain strategies to meet larger business goals while addressing challenges related to regulatory changes, cost pressures, and growing issues around product security and integrity," says Szwast.

—Andrew Williams

Ohio Bridges Infrastructure Gap

Absent a national transportation policy, states have been forced to go it alone as they draft infrastructure blueprints for the future. The Moving Ahead for Progress in the 21st Century Act transportation bill that President Obama signed into law in July 2012 provides an impetus and mandate for states to explore appropriate funding mechanisms. The hope is that individual successes will eventually coalesce, and help build a framework for others to follow.

Ohio Governor John Kasich announces a planned $120-million investment in the state's bridges.

Ohio is among a handful of states leading by example. In January 2013, Governor John Kasich announced plans to issue $1.5 billion in new bonds through the Ohio Turnpike and Infrastructure Commission to fund transportation projects in northern Ohio.

That strategy is already paying dividends. Kasich recently announced that the state would invest $120 million to repair and replace more than 200 county- and city-owned bridges over the next three years. Work is expected to begin on the first 40 bridges in 2014. Weighing factors such as safety and importance to local job creation efforts, the Ohio Department of Transportation (ODOT) will work with local officials to identify the remaining bridges to repair or replace in the following years.

"When we took office, Ohio faced not only an $8-billion shortfall in its general budget, but also a $1.6-billion shortfall in its highway budget," Kasich says. "ODOT tightened its own belt and freed up more than $600 million, then Ohio leveraged the turnpike to generate an additional $1.5 billion, which grows to $3 billion

GM Puts Stamp on New Production Strategy

As part of a long-term plan to reduce operating costs, GM is moving stamping facilities closer to points of production. The automaker recently opened a new $200-million parts plant adjacent to its Arlington, Texas, manufacturing complex.

The new GM facility produces large metal parts such as doors, hoods, and side panels for the next generation of full-size SUVs.

Previously, the Arlington plant received stampings from several GM locations, some more than 1,000 miles away. The new stamping facility will save about $40 million in logistics costs annually.

"The site is part of a growing trend in the automotive industry to locate stamping operations closer to assembly plants to improve quality and reduce costs," says GM spokesperson Donna McLallen. "Arlington is the 10th contiguous stamping plant to come on line in GM's global operations in the past five years.

"Many of GM's Tier 1 suppliers are located close to assembly facilities," she adds. "For example, seats are commonly built and shipped in line sequence to the assembly plants from nearby facilities. GM is assessing future supplier localization strategies to achieve the best total enterprise cost."

While it has not changed sourcing strategies, GM expects stamping operations located feet—rather than hundreds of miles–from the assembly process will improve communication and problem-solving.

when paired with federal and local funds.

"That innovative thinking, and careful resource management, is why we can implement this $120-million program to help counties and cities meet their bridge needs," he adds. "In the past, ODOT hasn't helped counties or cities address these kinds of needs, but we're in a strong enough position now that we can and will."

High-profile bridge failures in Minnesota and Washington have become a rallying cry for government action. In 2012, the Federal Highway Commission reported that 11 percent of the nation's 607,000 bridges were considered "structurally deficient." Ohio has 44,000 bridges—the second-highest number in the nation behind Texas.

U.S. Domestic Intermodal Surges

Intermodal transport is shifting into high gear as shippers explore transportation alternatives in hopes of allaying capacity shortages and further reducing costs. That domestic growth is beginning to outpace international volume proves shippers, intermodal marketing companies, and rail carriers are making the jump to rail solutions beyond the port.

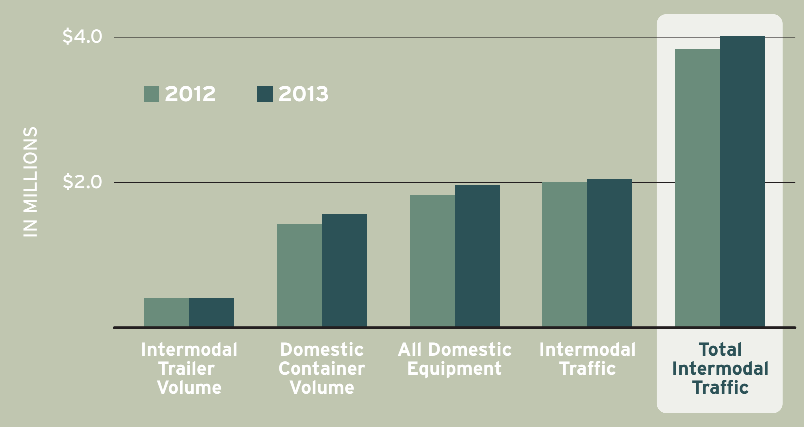
Notably, Q3 2013 marks the first time seasonally adjusted domestic shipments exceeded international shipments, the Intermodal Association of North America (IANA) states in its quarterly *Intermodal Market Trends & Statistics* report. This milestone comes after a decade of domestic service improvement, and five years of accelerated volume gains. Weak international container trade volumes during the recession, followed by an inconsistent rebound, was a contributing factor.

Total intermodal traffic grew in the third quarter of 2013 by 4.7 percent, year-over-year, attributable to gains across the board, according to IANA. Domestic container volume posted a year-over-year increase of 9.4 percent, and combined with a 1.2-percent boost in intermodal trailer volume for the same period. All domestic equipment experienced 7.6-percent year-over-year gains.

Also contributing to the increase in total intermodal traffic was a slight uptick in international volume, which posted a Q3 2013 gain of two percent over 2012 numbers. If jobs, consumer spending, and/or the broader economy accelerate, a slow but steady growth trend is likely for the international market.

THIRD QUARTER 2013 INTERMODAL VOLUME COMPARISONS

Increased intermodal volume in Q3 2013 resulted in a 4.7-percent jump in total intermodal traffic.



Source: *Intermodal Market Trends & Statistics*, IANA

Procurement Values Collaboration Over Cost

Collaboration—not cost—is the key to sustained procurement value, according to a recent survey conducted by events management company Consero. Sixty-seven percent of procurement decision-makers say their departments are more focused on building collaborative relationships with suppliers than obtaining lowest costs.

The Bethesda, Md., company's *Fall 2013 Procurement & Strategic Sourcing Data Survey* underscores the changing tenor of procurement, as companies recognize they have more to gain by partnering with suppliers rather than relying on traditional competitive bidding strategies. Finding continuous cost savings while improving service and innovation requires a more personal approach.

"Relying on competitive pressure restricts the sources of potential value to those things individual suppliers can do on their own (while also often discouraging supplier investments), whereas collaboration expands the potential to create value as customers and their suppliers work together," according to Consero.

To point, 80 percent of respondents indicate they are using influence to build trusted advisor relationships in lieu of enforcing compliance.

"By building trusted advisor relationships with the business, procurement becomes much better positioned to identify and pursue value-enhancing collaboration with suppliers," the report explains. "As procurement then delivers greater value to the business, they create a virtuous cycle, extending the ongoing transformation of the function." ■

GLOBAL

THE WORLD AT A GLANCE

by Joseph O'Reilly

The 38th ICAO Assembly reaches agreement on a global framework for market-based measures of aviation emissions.

Aviation Climate Emissions Agreement Flies Forward

The October 2013 agreement by 191 countries at the International Civil Aviation Organization (ICAO) general assembly in Montreal, which will develop a global market-based measure for aviation emissions by 2020, is a major breakthrough in the development of global standards for the industry.

Under terms of the resolution, governments will spend the next three years leading up to the scheduled ICAO General Assembly in 2016 on technical discussions. Each country will work on the design elements of such a scheme, including standards for monitoring, reporting, and verifying emissions, as well as the type of scheme to be implemented.

"We must not underestimate the importance of this agreement," says Doug Brittin, secretary general of The International Air Cargo Association (TIACA). "Business is changing, and companies are being forced to deal with harsh economic realities while also working to achieve a sustainable future.

"Collaboration on the development of necessary global standards is essential to achieve the clarity international businesses need, and to remove unnecessary additional processes and costs that inevitably arise when organizations are forced to comply with a raft of different national and regional regulations," he adds.

Colombia, Peru, Chile Gain Ground in Latin America

On account of their sheer size, Brazil and Mexico have long been Latin America's two primary economic drivers. Increasingly, though, they are facing competition from three South American upstarts.

Significant economic growth is expected over the near term in Peru (6.3 percent), Chile (5.1 percent), and Colombia (4.7 percent)—compared to three percent in Brazil and Mexico, predicts freight transport insurance specialist TT Club.

"Peru has grown its export trade by a multiple of five over the past decade, while Colombia has a sustained GDP growth rate of about five percent in recent years," explains Dan Negron, TT Club's senior underwriter, commenting on the London-based company's *Transport and Logistics Market Opportunities* report.

"Both countries have burgeoning middle classes, which is a significant driver of international trade," he notes.

Such economic growth is one of four factors pinpointed in TT's analysis; the others include government policies, improved connectivity, and distribution channels.

A number of government policies, particularly the privatization of ports and free trade agreements, are significant in terms of increasing trade, reports Negron. However, greater investment in domestic infrastructure to improve transport connectivity within the region, and more organized logistics supply chain services, are necessary for trade growth to reach full potential.

"In addition to this need for capital investment to improve connectivity, the functions of warehousing, trucking, cargo consolidation, and other related services are performed by individual operators or by shippers themselves," says Negron. "Systems, therefore, tend to not be fully integrated, and the efficiencies of a cohesive supply chain can't be realized."

Shippers Resist New IMO Container Weight Proposal

The International Maritime Organization's (IMO) proposal to amend its Safety of Life at Sea Convention (SOLAS)—which would require a verified certificate of a container's weight before loading on vessel—has unleashed a tempest of protest among some ocean shipping advocates.

The amendment is not only unnecessary, but will likely cost global shippers as much as $5 billion annually in extra costs, noted Marco Wiesehahn, policy advisor for the European Shippers' Council (ESC), at Intermodal Europe's recent event in Hamburg.

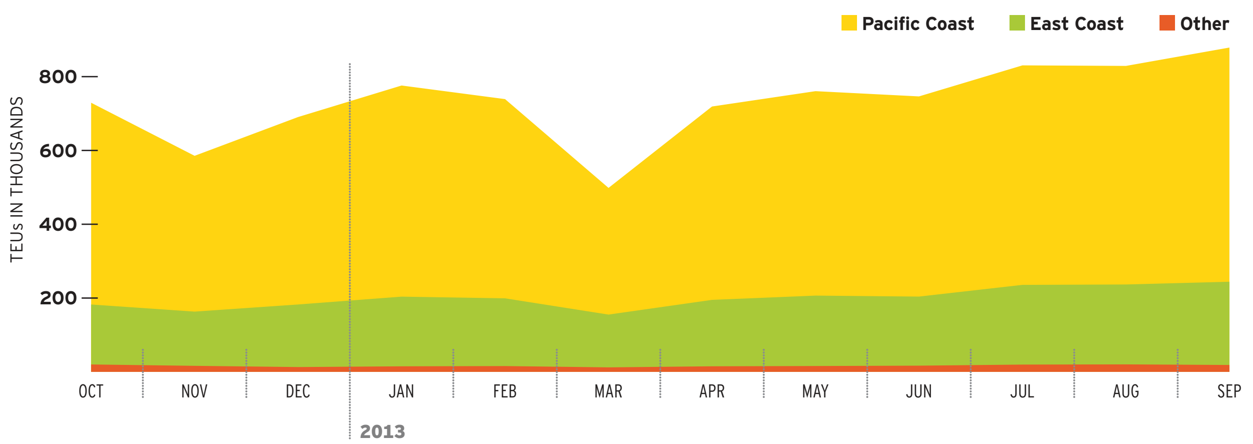
Furthermore, the ESC contends there is no empirical evidence to confirm claims of an endemic problem of shippers misdeclaring container weights.

The Asian Shippers' Council (ASC) has voiced similar concerns. "There are

U.S. Imports from China

(by U.S. port region of arrival, in TEUs)

The majority of U.S. TEU imports from China arrive at the Pacific Coast. There was a large drop in imports in March, correlating to the low production in China around the Chinese New Year; in 2012, the decline was seen in February.



Source: Zepol Corporation, www.zepol.com millions of shippers across Asia, with different levels of maturity and different operational constraints," says John Y. Lu, chairman of the ASC. "Before arriving at a key gateway for export, cargo may have to use multiple transport modes—trucks, ships, and/or rail. Can you imagine trying to implement what is agreed upon at the IMO in such a challenging environment?

"Because many emerging countries elsewhere—in South America and Africa—are in a similar situation, a one-size-fits-all requirement cannot work," he adds. "It has not worked for 100-percent security screening, and it will not work for 100-percent verification of gross container weights."

The seed for obvious objection is that the ESC and ASC, which represent 75 percent of the world's shippers, were not consulted in the IMO decision-making process. Both organizations argue the need for broader consideration for the challenges 100-percent gross weight verification would create, and whether viable alternatives are available. Would the onus lie completely with shippers? Should shipowners have some responsibility? What about terminal operators, who would likely stand to gain the most in terms of revenue by providing weight verification services?

Criticisms aside, wide support for the SOLAS amendment comes from the Global Shippers' Forum, World Shipping Council, and International Transport Workers Federation, among others. Properly weighing containers at point of origin would enhance safety and efficiency at sea. Ships would be better able to distribute cargo weight and optimize stowage, which has a direct impact on fuel consumption. There is also consensus that overweight containers present a growing danger beyond ocean transport—specifically for truck transloads.

Whatever the outcome, it won't come soon. In the meantime, expect a growing debate as shippers, lobbyists, and regulators anchor their buoys on either side of the divide.

Rolls-Royce: Substance Over Style

The Rolls-Royce brand is all about panache. But when it comes to moving aircraft engines around the world, substance trumps style.

Rolls-Royce Group, the UK-based power systems manufacturer, is working with B9 Shipping, a Northern Ireland-based firm, to develop a hybrid-powered ship that uses wind energy to help offset fuel costs, according to a recent *Bloomberg* article. The 330-foot-long prototype will feature a 180-foot Dyna-rig automated sail system and bio-methane engines capable of supporting loads up to 4,500 tons.

The free-standing and free-rotating system—originally developed in the 1960s—has no rigging, and comprises numerous smaller sails that are operated electronically from the ship's bridge. This allows them to be trimmed quickly to maximize wind power, and turned out of the wind in the event of sudden squalls.

Rolls-Royce is developing a 4,500-ton ship primarily powered by a 180-foot sail, with bio-methane engines providing additional power.

Rolls-Royce will provide back-up power based on its Bergen model, which burns methane produced from municipal waste. The sail and engine can also be used together for optimal efficiency.

The company expects the new ship will help it transition from costlier bunker fuels to alternatives such as dimethyl ether, liquid natural gas, and wind. While the hybrid design increases capital costs, B9 says it will realize a return on investment in three to five years of a three-decade lifespan.

Spain, Portugal Seek Rail Rapport

U.S. shippers take for granted the relative harmony that exists between states, railroads, and even passenger and freight rail industries. In Europe, however, those synergies are anything but implicit—even among neighbors.

As one example, Spanish and Portuguese public works officials met to sign a declaration of intent to study the feasibility of coordinating rail freight policies between the two countries, and to better assimilate with the rest of Europe.

Specifically, the document outlines areas of cooperation on issues such as rail freight market liberalization; establishing parameters to measure the efficiency and profitability of goods and passenger movements; collaboration and information exchange; multimodal platforms; streamlining administrative procedures at borders; and adoption of information technology.

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Opportunities in the Southeast are Fueling Logistics Growth

It's no secret that the Southeast has experienced tremendous growth as a logistics market over the last decade. There are many reasons behind this growth.

The region is home to 45 percent of the U.S. population. It also has a strong transportation infrastructure and access to seaports. That, coupled with relatively low labor and real estate costs, makes the region a very attractive home for manufacturing and distribution facilities. Several factors in play will continue to fuel this growth.

The importance of Latin America as a U.S. trading partner is growing. Latin America's newly developed middle class is hungry for goods from the United States. Latin American demand for American goods is growing so rapidly that Walmart's Q4 2012 Latin America net sales growth surpassed that of Asia for the first time.

U.S. trade in goods with South and Central America has grown substantially over the past five years. According to the U.S. Department of Commerce, exports from the United States to this region were $137 billion in 2008 and rose to $183.2 billion in 2012. For the first seven months of 2013, exports were $106.1 billion.

The resurgence in U.S. automotive manufacturing is another factor. With Japan vehicle production not fully recovered from the 2011 earthquakes and tsunami, and German vehicle exports dropping because of unfavorable currency exchange rates, automakers are relying more heavily on the manufacturing facilities based in the southern United States to supply both the domestic and export markets.

There has also been a significant increase in U.S. agricultural and energy exports leaving from South Atlantic and Gulf ports.

The Southeastern supply chain infrastructure will be put to the test when the expansion of the Panama Canal is complete in 2015. Savannah, Baltimore, Norfolk, Miami, and other southern ports along the Atlantic and the Gulf – and the transportation infrastructure that serves them – are already gearing up to handle the increased cargo from the much larger vessels that the Canal will accommodate.

At the same time, supply chain professionals across the United States are being asked to meet new expectations about their department's role in the overall business plan. Not long ago, most companies considered their supply chain operations a necessary evil, a cost center that added little to the bottom line. But the supply chain success of retail and e-commerce firms like Walmart and Amazon has altered that perception. Today, firms are looking to their supply chain and logistics departments to add value for their customers and enhance the business' competitive advantage while increasing its efficiency and profitability.

As a result, they are investing capital in new distribution centers and new material handling and logistics equipment and systems that will allow them to better serve customers in the United States and globally. Distribution and logistics center construction is up nearly 300 percent over a year ago, with the Southeast, Georgia and Tennessee specifically, leading the way.

While this increased investment is a positive development for our industry, it adds pressure on supply chain and logistics departments for ever-increasing operational effectiveness. Ideas, tools and solutions are required to meet these new demands.

MODEX 2014 will provide access to the resources that manufacturing and supply chain professionals need to become more effective in this challenging environment. MODEX will showcase 800 exhibits, 200 educational sessions, and keynotes from Edward H. Bastian, President of Delta Air Lines; former Walmart CEO Lee Scott; and Scott Sopher, principal with Deloitte Consulting LLP's Supply Chain practice. The MODEX 2014 Supply Chain Conference will address just what it takes to build an agile logistics and supply chain organization in today's competitive environment.

At MODEX 2014, you'll find innovations and solutions that will help your manufacturing and supply chain operations meet and exceed the increased expectations from company management. You really can't afford to miss it.

The expo will be held in Atlanta's Georgia World Congress Center from March 17-20, 2014. Visit MODEXShow.com to learn more.

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Saving Time and Money Through Automation

au·to·ma·tion (n): The technique, method, or system of operating or controlling a process by highly automatic means, as by electronic devices, reducing human intervention to a minimum. – *Dictionary.com.*

The number-one expense for brokers and 3PLs is payroll. Every function employees deal with has a cost in hourly pay, salary, or commission. Whether they are paid for increments of time is immaterial. Time is still money.

That's because there are only so many minutes in a day. And if that day includes lots of repeated functions that could be automated but are not, the result is more loads that could have been dispatched, more revenue that could have been earned, or – at the very least – missed opportunities.

If automation of these repeated office functions can increase efficiency by 20%, that's the equivalent of an added day each week. Or, looking at it another way: You can save 20% of your employee's annual salary.

In fact, the administrative side of freight can be a largely automated process. So an improvement of 20% is a very reasonable goal. The means are at hand.

Perhaps the most obvious first step is to have an interactive website. Enable those you deal with to access the information they need without having to call.

For example, customers should be able to track shipments on your website, and employees should not have to enter that tracking data. That can happen automatically with data received from trucks on the road. It can be from an onboard computer system or an individual driver's GPS-equipped cell phone. Electronic automation can update the tracking data.

It's a great benefit. Employees don't have to deal with customer calls looking for updated tracking information, and they don't have to deal with check calls from drivers either. It's all automated through software.

Similarly, customers should be able to enter shipment information on your site. When customers fill out their own online documents, you save twice. First, it's one thing an employee doesn't have to do. Second, it eliminates the inevitable errors that derive from entering information taken over the phone. Software automation takes the customer-completed order form and populates fields in the related transportation documents as well as on your computer screens. Every phone call a front line employee doesn't have to make or answer means more time for other, more productive work.

Speaking of communication, don't forget EDI (Electronic Data Interchange). It has been around for a long time for the singular purpose of enabling electronic communication among partners in the supply chain. Most major corporations and many not-so-major corporations use EDI to automate the exchange of information. Every step on the path of a shipment, from creation of a bill of lading, to the final carrier invoice, can be documented and shared among trading partners automatically. That can be a lot of information your employees do not have to collect, enter, convey or receive. Remember that in 2013, you can trade with a lot of companies and not have to pay EDI fees.

Each job should be analyzed; every repeated function should be measured. For example, how long does it take to book a load – or in the case of a carrier, to dispatch a load? What are the individual steps involved? How many phone calls are required? How many emails? How long does the dispatcher spend working on the computer? How long does he or she wait between screens? How many steps are required to get essential information from various sources and place it in the necessary documents? Save 10 seconds off of a one-minute job, that's 16.6% savings.

Much automation is accomplished through smart software that understands information entered in one instance, and used in many places. Double entry is your enemy. If you have duplicate entry issues, the software you currently have can probably be modified to eliminate it.

Do you know all that your current system can do? Are you realizing its potential in your business? Are your people adequately trained in how to use it? The opportunities for automation exist, and the returns for finding and implementing them can be money on the bottom line.

There is also very healthy competition among a number of software providers who want your business. Sometimes you can save a lot by finding a new system. Just remember, save 20% of your employee's time, and you are saving them one full day per week!

BY CURTIS GREVE
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Plan Early for Peak Returns Season

By late fall, supply chain executives worldwide are well prepared for the high-volume year-end holiday season. But following close behind it is peak returns season. Now is the time to plan for managing the returns, overstocks, and recalls businesses will process between mid-December and early March.

During peak returns season, companies handle up to 45 percent of the year's total returns volume. Proper reverse logistics planning can significantly impact profits by minimizing processing costs and maximizing recovery values of returned inventory.

A plan to handle peak returns season focuses on three critical areas:

1. Communication. Manufacturers and retailers must be prepared to deal with two types of returns. First are standard customer returns. The volume of these transactions is fairly predictable, and fluctuates year-to-year in line with sales volume increases or decreases.

The second type of return is recalled product, or guaranteed sale returns. These recalls result from an agreement with the retailer in which the manufacturer takes back any unsold product above a negotiated amount.

Teams tasked with managing the returns process must communicate with buyers and sales teams to find out what will be returned. Establishing these internal lines of communication is critical to planning for peak returns season. Speaking frequently with key internal players helps ensure the reverse logistics team has the most accurate and current information.

2. Labor. Peak returns season volume can be three to four times greater than any other time of the year, so proper staffing is a must to control labor costs and ensure that product is processed quickly. Many big-box retailers, for example, increase operations from five single-shift days per week to six or seven three-shift days per week for the first three months following the holiday season.

Expanding operations to this degree takes planning, additional supervision, and many more processors. Once you have a reliable estimate of the inbound volume and relative productivity expectations, management can determine labor and supervision needs, and develop the operations schedule.

Obtaining additional labor and supervision generally comes from two sources. One source is the forward supply chain workforce. Distribution volumes are typically low, so workers and supervisors from the supply chain side of the business can be temporarily reassigned to returns processing.

The other labor source comes from temporary services. If an operation plans to augment its staff with temporary workers, it should use at least two different services to ensure labor needs are met throughout the high-volume season. Qualifying and selecting temp services takes time, so do not wait to make the necessary arrangements.

3. Infrastructure. When planning for peak returns season, it is critical to ensure you will have enough space and equipment available to receive, process, and store all the product that will be flowing back through the reverse logistics pipeline. Three factors are especially important: inbound holding capacity and equipment, processing space, and outbound storage capacity.

For some operations, the high returns volume will require leasing outside space, while others may only need to rent storage trailers. It all depends on the labor plan and the actual flow of volume.

Recipe for Success

Returned products do not get better with age. Adequately planning for the post-holiday returns season can avoid needless overtime and processing costs, and help maximize the value of all returned goods. ■

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VIEWPOINT

BY ROBERT BRENNER
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Nearshoring in Mexico: The Benefits of Shared Borders

Offshore manufacturing has been synonymous with the Pacific Rim for decades, and it's still often the best option for saving a line of business that might otherwise decline because of rising labor costs.

As the offshoring trend has progressed, however, the drawbacks of moving production far from demand have become more obvious. For example, the communication barriers of language, time zones, and infrequent face-to-face meetings make common design adjustments difficult and expensive for Asia-based production models. These variables can also impact delivery time.

Looking Closer to Home

While Asia is still a highly attractive offshoring destination, these dynamics have made nearshoring in the North American Free Trade Agreement (NAFTA) zone—especially in Mexico—a more desirable option.

Over the past decade, Mexico has made significant strides toward becoming a diversified economy with a deep skill base that offers more than just low-cost labor. Infrastructure costs—such as electricity, water and sewer, and transportation—are generally within 10 percent of U.S. costs. And the country has invested in its manufacturing infrastructure and labor pool to evolve into a more versatile producer of high-value goods, as well as commodity products.

Mexico's proximity also offers U.S. companies substantially more control over manufacturing quality, delivery schedules, and intellectual property management than they have with overseas manufacturing facilities. Beyond the transportation cost reductions of manufacturing closer to sales, additional cost savings can come from working with NAFTA countries thanks to tariff waivers specific to cross-border manufacturing.

Making Nearshoring Work

Some tried and tested tips for making the move to nearshoring include:

- **Communicate openly with your customers.** Customers might be wary of Mexico's entire border region, because of how the American news media depicts troubles in a few communities. To dispel customer concerns, offer tours of your facilities, and show them that you have engaged and retained a skilled, stable, and trustworthy workforce.
- **Manage the production site staff.** The employees working on your company's behalf should be engaged with your brand, and brought into your communications and training infrastructure.
- **Focus on security.** Your company's management, business partners, and customers need to know you are closely monitoring inventory, and intellectual property on computers and servers is safe from theft. Retain two independent security firms to protect important physical and soft assets. Using two providers builds a self-auditing function into your security, and gives your customers an extra measure of confidence.
- **Recognize the value in written and verbal bilingual skills.** Superior communication and responsiveness are two of nearshoring's main advantages over offshoring. Maximize the advantage by selecting bilingual employees for key customer-facing roles. They should be fluent in both spoken and written English.

Cost considerations commonly drive nearshoring production capacity decisions, but low costs alone won't make cross-border operations work. Your success depends on how well you manage nearshoring's potential supply chain risks and benefits. ■

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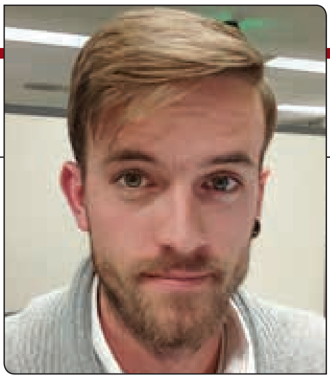

GREEN LANDSCAPE
Sustainability in the Supply Chain

BY ASHTON SHAW
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Using SmartWay Data to Inform Transportation Purchasing Decisions

In 2014, SmartWay will celebrate 10 years of providing the transportation industry with tools to measure, benchmark, and take action to reduce greenhouse gas emissions and improve fuel efficiency. Partnering with groups such as SmartWay allows shippers and third-party logistics (3PL) providers to equip themselves with actionable data and, in turn, use that information to help further educate their customers' buying decisions and improve freight sustainability.

Initially, SmartWay focused on gathering data from shippers, carriers, and 3PLs on factors such as tractor age and emissions, miles per gallon, distance traveled, and trailerload weights. Specific, defined transportation emissions data, controls, and operational targets are necessary to drive emissions reporting and meet sustainability goals. Measurement is the first step toward applying the value of the derived data to reach identified targets.

The newest generation of SmartWay—unofficially known as SmartWay 2.0—allows shippers and 3PLs to evaluate and incorporate environmental data, and use it to make educated, meaningful, and valuable business decisions. Under SmartWay 2.0, information is compiled into a standardized, transparent format for reporting carbon footprint data. For the first time, carriers' emission profiles can be compared and used as a decision-making factor in procurement.

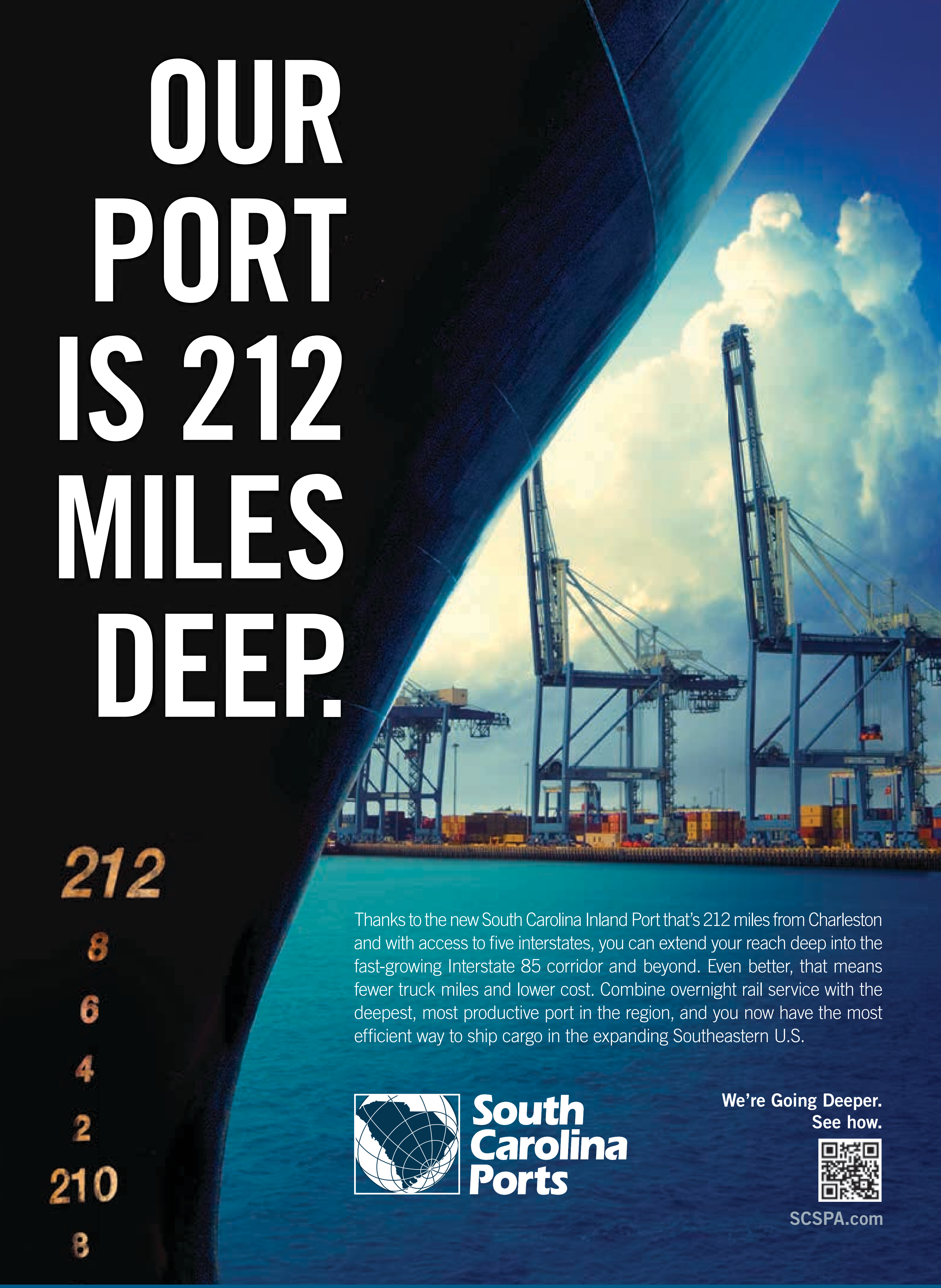
Increasingly, shippers and 3PLs are incorporating environmental performance data into purchasing decisions. For example, carriers in all transport modes now have specific CO_2, NOX, and particulate matter emission factors for their operating fleets. These advancements in fleet-specific emission factors create new, measurable ways to incorporate environmental performance into the procurement process. Shippers and 3PLs that ignore such information limit their ability to compete in an evolving global marketplace that seeks to improve efficiency and freight sustainability.

When reducing environmental impact, shippers and 3PLs often look first at direct emissions, or those they can control. Over time, they can improve these impacts, and extend their focus to reducing the indirect emissions that result from global supply chain operations. SmartWay and other sustainability partners enable shippers and 3PLs to successfully quantify and benchmark indirect transportation emissions to make more balanced procurement decisions.

Because of this new and increased breadth of information, shippers, carriers, and 3PLs must be aware of how to leverage available freight sustainability programs in order to quantify global transportation emissions and give attention to operational controls, targets, and corporate sustainability initiatives.

Identifying and quantifying how business practices impact the environment has become an important indicator for policymakers and financial analysts. Inherent in increased reporting requirements is greater accountability. Putting SmartWay and similar program data to work to meet new reporting requirements will boost efficiency.

In the future, not only will shippers and 3PLs use SmartWay data as a decision point when purchasing services, but they will also come to expect its availability and disclosure. Actively participating in these programs brings value directly to shippers, carriers, and 3PLs by creating efficiency opportunities, new avenues to progress shipper sustainability initiatives—and, ultimately, new ways to improve global freight sustainability. ■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TIME-CRITICAL TRANSPORT:

DEVISING A MASTER PLAN

Time-critical shipping doesn't have to be expensive, inefficient, or wasteful – as long as it's all part of the plan.

by Amy Roach Partridge

Expedited transportation was once considered either a luxury—a high-cost service reserved only for the most urgent shipments—or a last resort for when something went seriously wrong in the supply chain, and an expedited shipment was the only fix.

But today, the game has changed. Companies of all sizes utilize time-critical transportation for ongoing, continuous, planned shipments every day, for a variety of reasons and broad range of products.

"The word 'expedited' scares some people, because it sounds expensive and outside a typical transportation budget. But that is no longer the case," says Rick Mathews, vice president, specialized services for YRC Freight, an Overland Park, Kansas-based less-than-truckload (LTL) carrier that offers several expedited and time-critical services.

While companies still frequently use expedited services as a rescue mission when an unplanned event threatens their ability to meet a delivery window, many businesses are choosing time-critical service as a regular part of their transportation management strategies. These services guarantee shippers the velocity they need to meet their customers' deadlines, while also helping with cargo safety and security, and providing high levels of service.

"Expedited services carry the negative connotation that something has gone wrong. But companies are now using expedited services as a mode of choice in instances where speed is critical and they need a high frequency of tracking—often because of

Estes Express offers a time-critical, guaranteed service designed for companies that depend on speed, and need tight control over products in transit.

the nature of the products being shipped," explains Greg Aimi, director of supply chain research for advisory firm Gartner.

"It's important to differentiate that these are planned shipments," adds Aimi, who prefers to call the mode 'assured shipping.' "These companies are not expediting in a negative context; they are using a high-speed transit mode because it makes the most sense for their needs."

Take Adplex, for instance. The Houston, Texas-based direct marketing and communications firm prints weekly grocery sales circulars that are inserted into newspapers, found at the front door of grocery chains, and sent directly to consumers' homes. The circulars ship each week under strict deadlines—after all, last week's sale items are of no use to this week's grocery shoppers. So Adplex works closely with Richmond, Va.-based carrier Estes Express Lines to ensure that its time-critical freight always arrives within the necessary delivery window.

When shipping to the mail houses that distribute its circulars via direct mail, Adplex uses Estes' time-critical guaranteed service. This arrangement has saved the company from costly headaches, says Gordon Culler, transportation manager for Adplex's Greensboro, N.C., facility.

"If our freight does not reach the mail house in time to meet the bulk mailing schedule, then each piece has to be mailed individually, which is extremely expensive," Culler explains.

Adplex ships hundreds of thousands of pieces at a time to the mail houses, so the cost of solo mailing quickly adds up. Missing the bulk-mailing deadline also disrupts the mail house's production schedule. "Failing to make these deliveries on time is not an option for us," Culler says.

Who Needs Speed?

Using assured shipping as a mode of choice is becoming more common for companies that depend on speed, as well as for firms that need tight control over products in transit. Shippers with a need for speed include pharmaceutical companies transporting bio-molecular materials for clinical trials, for instance. And companies looking for tight control of shipments are often those transporting potentially dangerous goods, such as hazmat items and/or high-value goods including jewelry, electronics, and high-end apparel.

"The key to deciding whether assured shipping is the right mode is looking at the value of the goods or the value of the transport of the goods. This lowers the ratio of the cost of transportation to the cost of goods," Aimi explains. "Choosing a high-speed and highly traceable transit mode makes sense if transportation cost is low relative to the value of the goods. In these cases, you don't want your goods to flow through a looser, more risky supply chain."

Time-critical is also the mode of choice for many manufacturers for whom just-in-time assembly lines, lean inventory strategies, and the frequent need for replacement parts combine to make extremely tight delivery windows the norm.

"The automotive industry, for instance, is a large user of time-critical freight because auto plants keep little inventory on hand, and run a tight schedule on their assembly lines," explains Danny McPherson, vice president/general manager, Nations Express Inc., an expedited carrier based in Fort Mill, S.C. "Any delays in inbound shipments can cause the line to go down."

For global manufacturing firm Stanadyne, spending extra on freight to help customers avoid the expense of shutting down a production line is more than worth it. Stanadyne—which manufactures diesel fuel systems, injectors, pumps, and fuel additives for the automotive and agricultural equipment markets—counts on Nations Express to ship time-critical parts directly to customer production lines.

"It's very expensive to have an automotive line go down, so getting parts to our customers is always a time-critical matter," explains Guss Bodison, Stanadyne's global transportation manager. "And for us, time is also critical when we're receiving parts from vendors."

Nations Express handles a variety of time-critical shipments for Stanadyne, including inbound parts coming to the manufacturer's North Carolina facility, and outbound finished goods going to

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customer production lines across the country. Nations Express also takes shipments to the airport for Stanadyne customers that require air transportation.

Another manufacturer that relies on time-critical service as a regular part of its transport strategy is Kinze Manufacturing, an Iowa-based producer of farm equipment, including row crop planters and grain auger carts. Farmers purchase Kinze products from dealers; if a piece of equipment breaks down, the dealers expect Kinze to ship repair parts as quickly as possible.

"We send all our shipments via time-critical because our users depend on these parts to get back up and running," explains Renee Gunderson, senior shipping coordinator for Kinze. "During planting season in the spring, and harvest season in the fall, weather patterns dictate only a small time window in which farmers can get their work done. We need to get those parts to them immediately so they can get back in the fields and continue working."

To ensure its time-critical shipments arrive when needed, Kinze partnered with Estes and selected the company's Standard Time-Critical Guaranteed service. Items picked up by 5 p.m. are delivered the next day, with a delivery reliability that has exceeded 99 percent over the past two years.

With many shippers turning to expedited, time-critical services as a regular part of their transportation management strategies, carriers such as YRC are providing a variety of guaranteed service options.

Kinze sends 125 to 300 shipments per month via Estes' time-critical service, and receives a dedicated concierge who tracks and updates its shipments to ensure maximum visibility.

"Speed is necessary for us—it's part of doing business in this industry," Gunderson notes.

Meeting Short-Term Demand

Speed is also necessary for companies for whom seasonal or cyclical demand mandates time-critical shipments for certain products, projects, or seasons. A secondary supply chain of sorts exists for events such as new store openings, large product launches, and seasonal merchandise rushes.

"In these instances, companies use time-critical services outside of their standard supply chain, but in a more planned fashion than a traditional expedited move," Aimi explains.

Think of the recent launch of the iPhone 5, or hotly anticipated DVD releases such as *The Hunger Games*. Companies plan release dates for these items, and know they will need to ship initial stock—as well as replenishment items—within a tight time frame.

"These are periodic events that are not repeatable," Aimi says. "The first 10 sales days make or break a DVD, so the merchandise must be available on the release date—and when it sells out, the replenishment stock has to come in during that short window when demand is high. Otherwise, the retailers miss out."

These scenarios are familiar not just to entertainment companies. A wide range of industries experience periodic, non-repeatable events that carry a high demand for products during a short time frame. "Time-critical services are used frequently for instances that fall outside the normal supply chain," says Steve Mulloy, director of the Estes Solution Center for Estes Express Lines.

Mulloy cites the example of a nationwide home improvement chain that recently updated the point-of-sale and wireless solutions it uses in its stores. The company called on Estes to deliver truckloads of the new equipment to its various store locations.

Throughout the upgrade project, the equipment had to be delivered on the day of installation at a particular store—never early, and never late. "The customer didn't want the systems to arrive early because it was worried about damage—and if the equipment was late, then the company was paying an installation crew to sit around and do nothing," Mulloy explains.

Estes also frequently helps a major lawn and garden products brand when its volumes for the spring planting season exceed the capacity—and time frame —of its normal supply chain. "In some years, the growing season may start two or three weeks earlier than expected because of changing weather patterns," Mulloy says. "When that happens, this company needs additional time-critical shipments to get products to retailers while the demand is high."

Velocity with Extra Benefits

The peace of mind that comes with time-critical service has helped to make it a fast-growing transportation segment. And for an increasing number of companies, time-critical transportation is not just about velocity. Choosing a high-speed shipping mode brings other benefits as well, such as special handling, dedicated customer service, high-tech tracking and tracing, and added security. These extras are sometimes worth the cost of an expedited move, even when speed isn't completely essential.

"Some shippers use our services every day as part of their normal supply chain," says Mulloy. "These companies are looking for reliable, guaranteed LTL service."

Even if a shipment doesn't have to be delivered overnight, for example, companies may choose a time-critical service to take advantage of a guaranteed delivery time—and the bells and whistles that go with it. At YRC's Des Moines, Iowa, customer service center, for instance, a 17-person "resolutions team" is responsible for tracking from start to finish every time-critical shipment that is moving in YRC's network.

"When interruptions of any type occur, the resolutions team can quickly call the paying party on every shipment, explain what is happening, and review alternative options," explains Mathews, who notes that this process often helps shippers sending goods to retailers prevent expensive chargebacks.

That type of detailed attention also makes sense for shippers with high-value products that are a cargo theft risk. "There is an inverse relationship between the velocity of goods and shrinkage in the supply chain," Mulloy notes.

For Safety's Sake

Some time-critical shippers also select carriers such as Bolt Express, an expedited transportation provider based in Toledo, Ohio, for the safety of exclusive-use vehicles. Bolt ensures its time-critical customers' freight is the only cargo that will be loaded onto a trailer.

"There is no way that freight will be tampered with, mixed in with other goods, or potentially taken off at another customer's location," explains Chad Brown, director of time-critical services for Bolt Express. "It provides peace of mind for shippers with high-value freight, and it means that customers are in control—they know their freight will move from Point A to Point B without any interruptions."

In addition, time-critical freight is usually handled less frequently because it moves on more direct routes than regular ground service. "Less handling equals less damage," says Mathews of YRC, who notes that some shippers with sensitive items utilize time-critical just because of the reduced handling that is involved.

Many time-critical providers also offer

[CASE STUDY]

Velocity in Action: Infusing Speed into Medical Deliveries

For patients who depend on at-home intravenous infusion therapies, receiving medical supply shipments on time is not a luxury, but a necessity. That means companies such as Medical Specialties Distributors (MSD)–a provider of products and supplies to the in-home infusion market–constantly operate in tight time windows, with little margin for error.

To ensure its time-critical shipments always get to patients when they need them, Stoughton, Mass.-based MSD focuses like a laser on finding the right time-critical transportation providers.

"Servicing the rapidly growing in-home infusion market requires high-level, consistent delivery processes and partnerships with all our couriers," explains Bill Carney, MSD's national director of supply chain/logistics.

For its 800 to 1,000 daily shipments to patients in the New England and Metro New York/New Jersey markets, MSD counts on regional transportation and logistics provider Eastern Connection for next-day delivery. The provider's extensive Northeast network allows it to deliver MSD's shipments next day, without charging an expedited freight rate. Eastern Connection also offers a late pickup time, allowing MSD to process more orders throughout the day before shipments need to go out.

"Eastern Connection understands the urgency of serving our patients, and it has the infrastructure in place to satisfy our needs, as well as respond to emergency circumstances and situations," Carney says.

Eastern Connection also provides a "grey glove" service for MSD's time-critical shipments, helping the company's often elderly or infirm patients by bringing packages inside their homes and placing them in easily accessible locations.

MSD enjoys the peace of mind that comes with Eastern Connection's extensive track-and-trace capabilities. The two companies worked together to create a daily proof-of-delivery report that provides a near-real-time information exchange.

"Each evening, we send Eastern Connection a report of all the items that we've loaded onto their trucks, complete with tracking numbers," Carney explains. "As the drivers deliver those orders, proof of delivery is scanned back to us, so we are constantly updated about order status throughout the day." The report also enables MSD to act swiftly if any exceptions occur.

"Eastern Connection's time-critical service allows us to serve our customers both efficiently and cost-effectively," says Carney.

And when it comes to time-critical transportation, those are the two key demands of any shipper.

premium white-glove services, employing specially trained drivers who deliver, unpack, and set up goods at the destination point. For companies with time-critical freight that requires finesse, these solutions provide a win-win.

Optical firm Carl Zeiss, for instance, manufactures high-end diagnostic equipment that is time-critical and sensitive, requiring special handling at both pickup and delivery. The company's equipment cannot be shipped via air because air-pressure changes can damage the machines, so it utilizes Estes' time-critical ground service, which includes white-glove add-ons. Drivers deliver Zeiss' equipment to medical offices, uncrate the machines, plug them in, and perform tests on the data lines.

With so much riding on each shipment in the time-critical environment, how do carriers ensure that shipments arrive on time? The answer is a key pairing of technology and human capital.

Nothing can replace basic communication, says Danny McPherson of Nations Express. And that communication must be a two-way street between the carrier and the shipper.

"Communication about the shippers' exact needs and expectations—as well as GPS tracking for ground shipments and Internet tracking for air freight—is essential in meeting expedited time windows," McPherson notes. "With proper communication and tracking, carriers can be proactive if something goes wrong, instead of being reactive and causing a costly service to become a larger issue."

For Nations Express customer Stanadyne, that communication is a crucial aspect of time-critical service. In order to keep its own customers abreast of delivery status information, Stanadyne relies on continuous updates from Nations Express.

"I am alerted for every new status—when the driver reaches our vendor, when the package was picked up and dropped off at the airport, and the ETA to destination," explains Bodison. "Being able to pull up that communication 24/7 gives me peace of mind that our customers' time-critical needs are being met."

Getting What You Pay For

Time-critical shipments—and the benefits they bring to shippers—don't come cheap. Although premium service carries with it premium charges, many shippers see the extra cost as simply part of doing business in today's need-it-now transportation environment.

Because it manufactures optical diagnostic equipment that is time-sensitive and requires special handling, Carl Zeiss relies on expedited ground service featuring white-glove add-ons.

"When the bottom line is customer satisfaction, and getting your products where they need to be when they need to be there, the extra cost incurred with time-critical service is a small price to pay for success," notes Culler.

Another way to look at the cost of time-critical freight is to compare it against the expense of storing inventory. "Companies can either keep inventory on hand—which requires space and inventory cost—or reduce inventory and plan on increased transportation costs to operate in a just-in-time environment," McPherson explains, noting an increase in companies choosing the latter over the past few years. "Many businesses are opting against maintaining inventory, and instead working to find a reliable time-critical carrier that can provide a variety of options at a competitive price."

In addition, most carriers work closely with their top time-critical shippers—those that meet certain volume minimums—to develop cost structures that do not bust the budget. Bolt Express, for instance, can set specific cost-per-mile and fuel surcharge rates for shippers that wish to project their ongoing costs. It also works with all its time-critical shippers to help mitigate the impact of market fluctuations.

"Time-critical is more expensive than regular ground transportation, but it doesn't have to be cost-prohibitive," says Brown. "We know that cost matters. We also understand that our customers need a carrier they can trust to pick up and deliver their freight on time."

Other carriers have developed innovative ways to help time-critical customers cut transportation costs. YRC, for example, offers a time-critical weekend service that allows customers to ship out on Friday for Monday delivery—without paying a next-day rate. By using Saturday and Sunday as travel days, and counting them in the regular time-critical ground service cost structure, YRC lets customers skirt the typical expedited costs associated with Friday-to-Monday delivery.

For Conversa Solutions, a Michigan-based wireless software development company, the YRC Weekend Advantage service has been a huge cost-saver. By using Weekend Advantage, Conversa—which provides new software, branding, and packaging for old cellphones bound for secondary markets—can take the entire work week to process orders, and still count on getting its re-worked phones to customers before noon on Monday.

"To get the same schedule with most other carriers, we would be paying for a next-day priority service via air freight, and the costs would be exponentially higher," says Robert Reed, CEO of Conversa, which ships 20 to 50 pallets per month using the Weekend Advantage service. "The fact that we can ship out on Friday also really helps our workflow. Normally, for time-critical ground shipments with a Monday arrival, we would need to have our orders ready to ship out on Tuesday."

Shippers in Control

Shippers can also play a role in helping to control the costs of time-critical shipments, says Joseph Kost III, senior transportation manager with GE Appliance and Lighting. The company uses Estes to ship some time-critical shipments each day to large OEM customers in the Northeast and Mid-Atlantic regions from its DC in Charleston, Tenn. It counts on the speed to market that time-critical provides to effectively manage seasonal volume spikes, as well as its customers' just-in-time delivery expectations and low inventory levels.

"We work with our carriers to find strategies that avoid adding costs to their daily operations," Kost explains. "We do this by performing directional loading, and nose-loading specific customers; using dedicated geography by trailer; and making sure pallets are secured and properly constructed.

"These practices help offset the added cost of high-speed shipping by avoiding the practice of re-shipping due to damage," he says.

The bottom line? Shippers with a need for speed that plan ahead and make time-critical transportation an ongoing part of their supply chain are best positioned to meet the tight time demands of their customers, and reap the rewards of a premium service without busting their budget. ■

WHO'S WHO in Airfreight Forwarding

It has been a turbulent ride for the air cargo industry over the past several years. Apart from sluggish trade growth, rising fuel costs and discretionary transportation spending dealt carriers a blow as shippers turned to less-expensive mode alternatives.

Beset by countless economic challenges, airfreight carriers, forwarders, and shippers are now working more collaboratively to optimize assets and moves as they reduce costs and carbon emissions.

Security, e-freight, and sustainability are priorities. But carriers have been equally aggressive rationalizing their schedules and fleets, balancing combi and freighter aircraft to best meet demand. They are also accelerating growth efforts in emerging markets such as Latin America and the Middle East. Intra-regional traffic, particularly in Asia, continues to stoke demand.

The freight forwarder's role is evolving with the air cargo industry. No longer simply brokers, service providers are developing technologies and value-added capabilities to help shippers and consignees better manage their supply chains. Whether it's mixing ocean and air modes to match urgency and economy, navigating regulatory compliance requirements, chartering project cargo moves, or booking high-value freight for Next Flight Out, freight forwarders play an integral role in today's changing global landscape.

To help you make sense of current industry dynamics, *Inbound Logistics'* annual Who's Who in Airfreight Forwarding provides a composite directory of leading players, both large and small. Use this guide to help assess and engage partners that can meet your unique shipping needs.

WHO'S WHO in Airfreight Forwarding

A.N. Deringer www.anderinger.com	888-612-6239
Agility www.agilitylogistics.com	714-617-6300
AIT Worldwide Logistics www.aitworldwide.com	800-323-6649
Associated Global Systems www.agsystems.com	516-627-8910
AWA Logistics www.awaship.com	310-803-5850
BDP International www.bdpinternational.com	770-639-2225
C.H. Robinson www.chrobinson.com	952-683-3950
CEVA Logistics www.cevalogistics.com	800-888-4949
Crane Worldwide Logistics www.craneww.com	630-477-9002
Dachser www.dachser.us	678-302-9111
Damco USA www.damco.com	305-546-9427
DB Schenker www.dbschenker.com	800-225-5229
DHL Global Forwarding www.dhl-dgf.com	800-426-5962
Estes Forwarding Worldwide www.efwnow.com	855-433-9669
Expeditors www.expeditors.com	206-674-3400
FedEx www.fedex.com	800-463-3339
Freight Solution Providers www.shipfsp.com	800-562-9915
Geodis Wilson www.geodiswilson.com	732-688-3373
Hassett Express www.hassettexpress.com	630-530-6515
Hellmann Worldwide Logistics www.hellmann.net	305-406-4500

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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

	AIR FREIGHT SERVICES										OTHER SERVICES				WEB SERVICES			CERTIFICATIONS						
ASSET- OR NON-ASSET-BASED*	CUSTOMS CLEARANCE	COMPLIANCE *	HEAVY FREIGHT	HAZMAT	DOOR-TO-DOOR	PERISHABLE	OVERNIGHT	NEXT FLIGHT OUT	CHARTER	HIGH VALUE	OCEAN	CUSTOMS BROKER	CONSOLIDATOR	LOGISTICS	RATE QUOTES	REAL-TIME TRACKING	DOCUMENTS *	ISO	IATA	SMARTWAY	C-TPAT	LEAN	SIX SIGMA	HAZMAT
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WHO'S WHO in Airfreight Forwarding

Kuehne + Nagel www.kn-portal.com	201-413-5500
Landstar www.landstar.com	877-696-4507
Lynden International www.lynden.com/lint	888-562-5703
Mach 1 Global Services www.mach1global.com	800-553-7774
MIQ Logistics www.miq.com	866-972-9272
Network Global Logistics www.nglog.com	866-938-1870
OIA Global www.oiaglobal.com	503-736-5900
Panalpina www.panalpina.com	973-683-9000
Panther Global Forwarding www.pantherexpedite.com	800-685-0657
Pegasus Logistics Group www.pegasuslogistic.com	510-356-3088
Pilot Freight Services www.pilotdelivers.com	610-891-8100
Radiant Logistics www.radiantdelivers.com	425-462-1094
RCS Logistics www.rcslogistics.com	201-867-1222
SBA Global Logistic Services www.sbaglobal.com	888-466-9722
SDV www.sdv.com	847-228-1625
SEKO Logistics www.sekologistics.com	630-919-4966
TransGroup Worldwide Logistics www.transgroup.com	206-244-0330
Trinity Logistics USA www.tliworldus.com	516-455-8897
UPS www.ups.com	800-742-5877
UTi Worldwide www.go2uti.com	562-552-9400

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Information supplied by forwarders. Where data was not provided, historical and Web site information was used.

VENDOR COMPLIANCE

SETTING TH

Drive out inefficiencies and boost customer

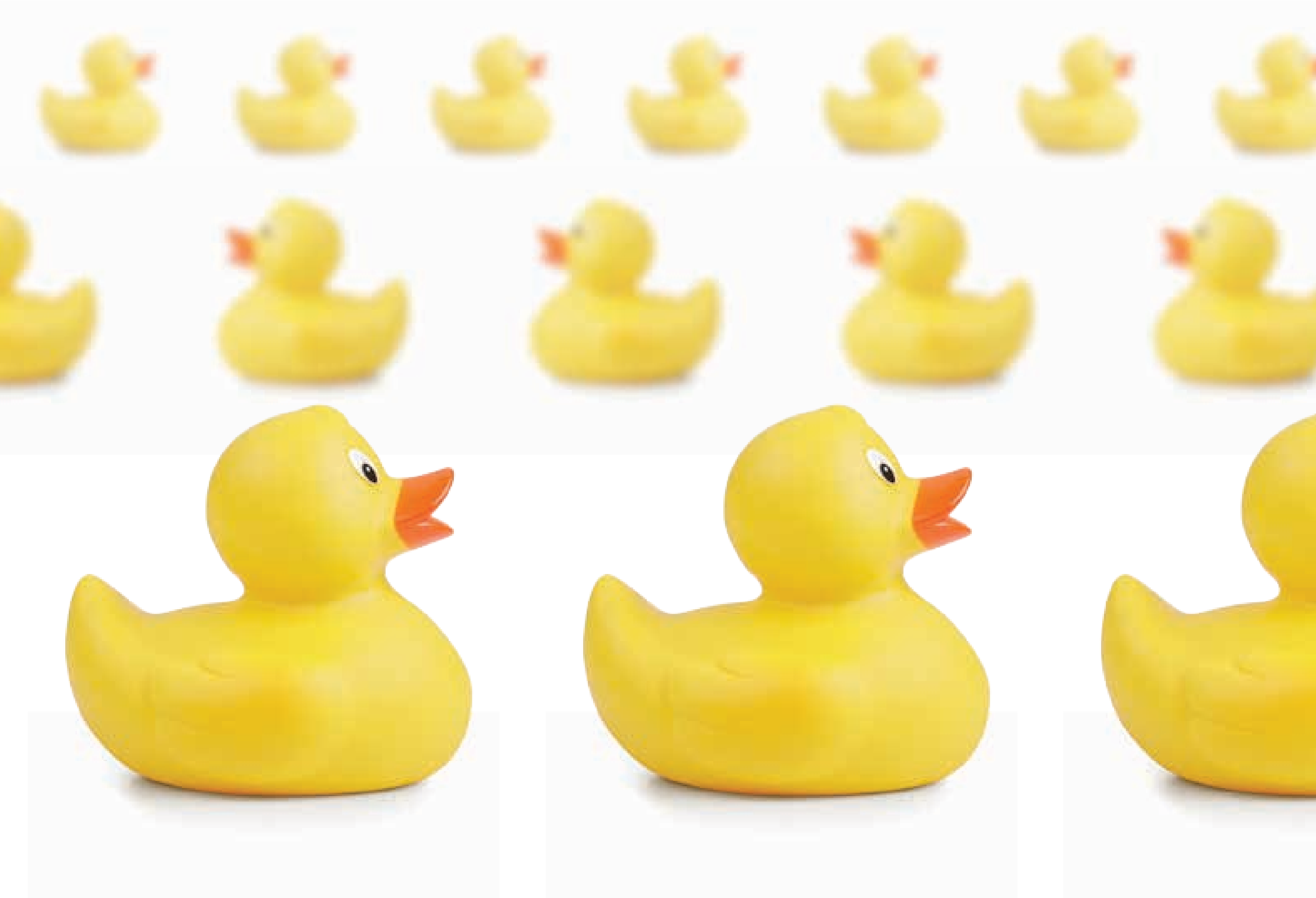
By Lisa Terry

VENDOR COMPLIANCE PROGRAMS ARE ALL ABOUT setting requirements that should result in the perfect order, and resolving problems when it misses the mark. But anything can happen between an order and payment. In the past, consignees often beat up their suppliers with compliance chargebacks, demanding improvements while doing too little to enable them.

Today, however, many organizations have made significant progress toward improving vendor compliance programs, setting up processes and tools to enable trading partners to collaborate rather than fight over inbound shipment expectations.

EM STRAIGHT

service by aligning with vendors to meet your supply chain goals.



Some vendor compliance programs require only the basics: One or more departments within an organization issues regularly updated documents outlining general requirements. That approach works for companies such as Leggett & Platt, a diversified U.S. manufacturer of engineered products serving the furnishings, aerospace, and automotive markets. The company's inbound less-than-truckload (LTL) transportation requirements change little, and it has consistently enjoyed 99-percent-plus compliance levels, says Dwayne Kitchens, contracts and rates manager for the Carthage, Mo.-based company.

But many other companies are leaving tactical measures behind in favor of a more strategic approach. Thanks to increased focus on efficiency and, specifically, advancements in technology, leading-edge vendor compliance programs are forging new ground in quickly identifying and driving out error. They are also poised to take the next exciting step: detecting and heading off compliance issues before they occur.

"We're seeing an evolution to performance-based programs to facilitate the compliance process," says Richard Wilhjelm, vice president of business development at Compliance Networks, a

Sugar Land, Texas, developer of private cloud-based software for retail compliance. "Most retailers are focusing on flow. Decreasing supply chain days equals decreasing capital requirements and increasing return on invested capital. That's the big metric."

The Market Imperative

The urgency around attaining the perfect order through compliance programs is amplified, thanks to a number of factors:

- Supply chains are getting longer, but faster, expanding opportunities for error while magnifying their impact.
- Efficiency has become an economic must—particularly in segments such as retail where private equity firms seek to buy in, improve, and sell off, and midsize organizations strive to compete with Tier 1 companies. The recession also prompted many suppliers to drive down chargeback costs.
- Technology is improving the ability to see—and measure—more supply chain processes. If you can see it and measure it, you can require it. The democratization of technology is also enabling smaller consignees and vendors to access more capabilities.
- Downsized compliance departments in the aftermath of the recession mean compliance must be simplified and more automated.
- Suppliers are finding that their customers will more quickly eliminate them – and even go direct – if their compliance isn't improving.
- The increasing use of direct shipping from vendors for e-commerce orders means parcel shipping must reinforce the brand experience.

While these forces are at work across industries, the particulars and economics of each one mean compliance requirements vary widely. Retail is best-known for its stringent programs—96 percent of retail members surveyed by the Retail Value Chain Federation (RVCF) in 2012 operate compliance programs that include assessments – while in the chemicals industry, requirements such as routing guides are rare.

"Companies with static distribution networks, such as commodity chemicals, or those transporting hazardous materials, don't want to be in charge of their inbound shipments," says Chris Cameron, senior solutions architect with Elemica, a supply chain operating network for the chemical industry headquartered in Exton, Pa.

In many industries, inbound sometimes tends to be overlooked in favor of outbound transportation, an area that's easier to control, and might be subject to its own set of vendor compliance guidelines.

"Outbound is the low-hanging fruit; inbound is what companies go after last," says Leif Holm-Andersen, executive director of professional services for Data2Logistics, a freight invoice processor and third-party logistics provider based in Fort Myers, Fla. "Inbound routing is still an immature space."

Among the challenges is a potentially large number of inbound shippers with widely varying levels of supply chain sophistication. To point, only 35 percent of companies use routing guides for their inbound freight, according to TransportGistics, a Bohemia, N.Y.-based developer of transportation management and logistics solutions.

For sophisticated and neophyte companies alike, technology is answering the call for more efficient vendor compliance.

Basic vendor portals offer a convenient way to push out compliance information and static or dynamic routing guides, a step up from e-mail and PDFs. Some portals also help vendors create EDI documents, leveling the playing field for smaller suppliers. And service providers such as Data2Logistics complement portals with call-in routing centers, serving as a control tower to solve more complex shipping challenges.

At the leading edge of compliance programs, consignees operate cloud-based portals offering a broad range of functionality, including bi-directional communication, as well as transactional business processes.

These portals might include dynamic routing tools to match loads to best-fit freight terms, including order consolidation; choice of carrier and use of multi-stop truckload; static or dynamic pooling; zone skipping; triangle routes; and backhauls. Some portals are also used to manage purchase orders and shipment visibility, exchange EDI data, and resolve chargeback issues, as well as to generate documents for bills of lading, commercial invoices, and labels. Vendor portals are increasingly integrating with consignee applications including transportation, warehouse, and order management systems to send and receive complete inbound shipment data, and execute scorecards and chargeback reports.

Vendor compliance programs are poised to take the next exciting step: detecting and heading off compliance issues before they occur.

"We're moving toward broader portals, including a single sign-on to multiple functions," says Stephen Craig, senior managing partner, freight management for enVista, a supply chain consulting and IT services firm based in Indianapolis, Ind.

Such innovations are making it easier for vendors and consignees to communicate and achieve compliance improvements.

"These tools enable you to bring a purchase order to a transportation management system, present the logistics components to vendors, and, with a lot of alerts and reminders, get them to make a route request or ready-to-ship statement," says Craig. "This has increased the fill rates for many consignees."

It's also easier for vendors to get through the route request process than entering a portal cold and using an error-prone manual data-entry process. This approach also allows the consignee to run optimization on the routing, and match route requests to

856 ASN transactions so they can measure vendor performance from purchase order through advanced shipping notice.

Complete vendor compliance reporting requires integration across transportation and warehousing systems. Transportation systems reveal information about proper routing and EDI messaging, while consignees use warehousing systems to record data about whether a shipment was packed, palletized, and labeled according to specs. By bringing this data together, consignees can create an overall compliance score, and even reward high-scoring vendors by auditing their shipments less frequently, and speeding their goods toward a faster sale.

Rising Requirements

As capabilities expand, so do consignee expectations. "As technology improves, consignees ask for more," notes Jerry Glinnen, compliance manager for Lifetime Brands, a Garden City, N.Y.-based supplier of kitchen products and other housewares. "We see that happening continuously as more retailers come up to speed."

Retailers are also extending their compliance requirements to private label suppliers, and even agents, according to Compliance Networks.

One significant technology advancement is the ability to apply analytics to data. Dynamic routing applies optimization algorithms to orders, routes, and carrier selection, enabling consignees to analyze vendor performance history to uncover patterns and identify root causes of systemic shipping problems.

Data2Logistics furthers the compliance cause by tapping its expertise as a freight audit and payment provider to close the loop on compliance. "Because we invoice, we can see what the vendor did, such as whether it used the least-cost carrier and the actual cost of shipment," says Holm-Andersen.

Overcoming Obstacles

The additional communication from consignees about inbound compliance requirements helps vendors know exactly what they need to do to keep customers happy and goods moving. But the proliferation of online tools and constant tweaking of requirements has become a management problem for many companies. Although basic requirements per customer can be configured into a warehouse management system, solutions are just now emerging to help vendors automate their interactions across multiple portals.

"One big problem is the inefficiency of going from portal to portal to look at each customer's requirements," explains Cameron. Elemica is developing a network to enable supply chain collaboration for its target industries—chemical, tire, and rubber companies—by integrating with partners' ERP systems, eliminating the need for vendor management portals.

Most chemical companies, however, are not yet ready for that level of interaction in logistics. In the interim, Elemica has developed functionality that enables clients to use its network to communicate via consignee portals, with Elemica handling the conversion of the client's message set for each portal.

Vendors should look across their customer base to identify areas of common practice and streamline related processes, which helps to strengthen the relationship between customer and vendor, recommends Kerry Loudenback, vice president of sales for TransportGistics.

BATTERIES PLUS BULBS: A CHARGED VENDOR EXPERIENCE

TO HELP SUPPLIERS INCREASE COMPLIANCE LEVELS, TWO YEARS AGO specialty retailer Batteries Plus Bulbs, Hartland, Wis., began consolidating sourcing, quality control, and transportation requirements into a single document. The retailer posted that document, along with its routing guide, customs requirements, and commercial invoice generator on its vendor portal, which was previously used just for purchase orders. The company also improved vendor onboarding by adding meetings, phone calls, and factory visits to ensure expectations are clear from the get-go.

"The biggest challenge is making sure vendors fully understand how our needs differ from their other customers," says Chris Carlson, vice president logistics, Batteries Plus Bulbs, although the retailer tries to minimize those differences.

Vendors find it easier to do business with Batteries Plus Bulbs since it consolidated all compliance information into one portal.

Batteries Plus Bulbs already enjoyed solid On Time In Full (OTIF) rates from its vendors, but the coordinated compliance effort helped make it easier for vendors to do business with the company.

"Some products are so technical that it's hard to change vendors," says Carlson. "So we strive to build strong relationships by avoiding chargebacks and working closely with vendors."

But it's a moving target as Batteries Plus Bulbs works to keep up with evolving environmental and social requirements that must be implemented at the factory level.

Staying Consistent

For Ingram Micro Mobility, vendor compliance is all about consistency. As a provider of supply chain services for wireless carriers and OEMs, the company lives and dies by service-level agreements. So it is focused on making sure shipments flow quickly through its facilities.

"A best practice for us is driving consistency in labeling and palletization," says Jonathan Scheele, vice president, supply chain solutions for Ingram Micro Mobility. "The carrier is not as important as making a delivery appointment to ensure availability to dock."

To achieve that goal, Ingram Micro Mobility began issuing PDF compliance guides, and has attained compliance rates of between 95 and 100 percent. Improved compliance particularly helps emerging vendors in high-end consumer electronics meet distributors' exacting needs.

Another big challenge for vendors is making sure requirements are communicated throughout the enterprise. Lifetime Brands tackled this issue by getting proactive. The company created a compliance section on its intranet where it posts links to all its retailers' compliance guides. Within each DC, one person is responsible for getting information to the right places, under the direction of a central administrator.

To review its major customers, Lifetime Brands convenes weekly meetings attended by the EDI, credit, finance, warehouse, and compliance departments to go over every order and address emerging problems.

As a result of its compliance efforts, Lifetime Brands reduced chargebacks by about 40 percent with certain retailers.

"In addition, our two DCs have daily internal management operational meetings to discuss orders and issues, and secure answers from needed sources," says Glinnen.

These efforts continue to decrease the chargebacks Lifetime Brands receives, including a 35- to 40-percent reduction during 2013 with certain retailers.

Glinnen also credits the company's participation in the Retail Value Chain Federation for its compliance gains. RVCF's Compliance Clearinghouse service monitors 175 retailers' compliance guidelines, and notifies members of changes. Monthly calls and forums enable vendors to problem-solve and share best practices. The entire membership also convenes twice yearly so retailers and vendors can meet one-on-one to clarify areas of confusion and solidify relationships.

"Retailers that attend want to see things done right, and are willing to work with any vendor that needs help and education on their processes," says Glinnen.

RVCF does the same for retailers. "Retailers had never talked to each other about the supplier management side of the business," says RVCF's Zablocky. Other retailer benefits include portal tools, supplier data scrubbing, vendor training, and templates for compliance guides and scorecards.

Getting in Alignment

The group is also continually trying to get retailers to align their compliance requirements, terminology, and chargeback fee schedules as much as possible. Surveys find that only 30 to 40 percent of retailers assess fees for the same non-compliance issues.

Most individual differences come in areas such as labeling and palletizing, which have a critical impact on distribution flow. With warehouse costs fairly predictable within a market such as the United States, argues the RVCF, it should cost about the same for any one retailer to correct a specific packaging or labeling error, which would help vendors better predict chargeback costs.

ROTARY CORP. DIALS INTO COMPLIANCE

AS A WORLD-CLASS MANUFACTURER AND DISTRIBUTOR OF aftermarket outdoor power equipment parts, Rotary Corporation, Glennville, Ga., works both sides of compliance: as a supplier to retailers, and as a recipient of inbound shipments.

That dual perspective helped advance the company's compliance program from the routing guide it implemented in 2005 to a more sophisticated branded portal, hosted by Transportation Insight, Rotary's third-party logistics (3PL) provider. The portal includes rate shopping functionality, delivery location requirements, and bills of lading.

The change boosted routing compliance from around 70 percent to nearly 90 percent. But Rotary hasn't passed along chargebacks from retailers, because that would be counter to the company's culture. "If you can communicate up front with vendors about what you expect and how it benefits them, they're more ready to work with you to make it happen," says Donald Fountain, vice president of operations for Rotary. "It takes a lot of guesswork out of their hands."

Rotary and Transportation Insight are currently working on Phase 3 of the compliance program, which includes additional vendor information, labeling requirements, and standard case quantities by item.

"The entire process has helped Rotary better define its business processes to successfully implement its vendor compliance program," says Fountain.

10 BEST PRACTICES FOR COMPLIANCE PROGRAM SUCCESS

1 Unite internally on compliance requirements; documentation; and non-compliance processes across the sales, operations, finance/credit, logistics, legal, and compliance departments.

2 Develop strong relationships with partners that include regular communication–both electronically and face-to-face. Conduct and participate in vendor compliance events, and use that opportunity to prevent future problems rather than rehash old ones.

3 Create thorough on-boarding programs for new vendors.

4 Encourage vendor investment in improvement by setting up incentives where the best metrics earn reduced audits and faster flow of goods to end customers.

5 Streamline and simplify processes and requirements as much as possible. Use clear language with no ambiguity. Employ images liberally to depict requirements such as proper palletizing, and label location and placement.

6 Share as much data as possible, as fast as possible, about violations, as well as analytics on the root cause. Include images whenever feasible.

7 Provide a tool to resolve chargebacks, and be open to feedback from vendors.

8 Seek to update compliance requirements between two and four times each year–not so often as to overwhelm, or so seldom they seem neglected. Provide occasional ad hoc updates to instantly publish the addition of a new carrier, policy, or location.

9 Collaborate with like companies in your industry to standardize terminology and chargeback amounts wherever possible.

10 Invest in processes and technologies that detect problems sooner–or, even better, predict and flag problems that have not yet occurred.

All these efforts have helped move the needle on overall compliance rates, but by how much is still tough to pinpoint.

"With the infinite combination of supplier/customer relationships, it is difficult to measure costs for businesses that utilize routing guides versus those that don't," says TransportGistics' Loudenback.

He recommends that vendors look across their customer base to identify areas of common practice, and streamline related processes, which helps strengthen the relationship between customer and vendor.

"What we have seen is that once customers implement a Web-based, interactive, secure routing guide and compliance program, vendor non-compliance quickly drops from more than 50 percent to less than five percent," says Loudenback.

Routing guides evolved into "how to do business with us" documents when consignees realized that operational issues have just as much, if not more, cost impact than transportation, he adds.

What's Next?

The tenor of vendor compliance seems to be changing as parties fully grasp the mutual benefit of turning orders more quickly into cash.

"A few leading retailers are becoming more relaxed in issuing chargebacks in the hopes of becoming more favorable customers to do business with," notes Clay Gentry, vice president, logistics operations at Transportation Insight. "Some compliance programs can develop a life of their own and spin out of control. That doesn't create a collaborative relationship with vendors."

A number of retailers are also managing to notify vendors of compliance issues within 24 hours, so they can respond and take corrective action quickly.

Enhanced visibility and data also have the potential to help consignees be more flexible with compliance requirements in cases where vendors are currently penalized for factors outside their control, such as truck breakdowns or missed delivery appointments.

Technology plays a large role because current tools permit retailers to quickly spot and report errors, and invite vendors to respond promptly. This more collaborative approach is helping to alleviate some vendor assertions that consignees use chargebacks as a revenue stream.

"Many consignees are better off economically if vendors follow their compliance processes than impose a $200 chargeback," says enVista's Craig.

Vendor compliance is expected to evolve in these areas:

- **RFID.** Often the factory floor or vendor distribution center is the best place to add RFID tags.
- **More EDI.** Some retailers are adding EDI 860, 812, and 820.
- **Parcel compliance.** Vendors are being asked to drop-ship parcels directly to end customers, and customers want to make sure the shipping experience is consistent with their brand's value proposition.

As analytics play a growing role, compliance tools will begin to predict — rather than react to — supply chain breakdowns.

"Based upon the analytics that we capture and collect, if we see that a supply chain failure will occur, we can alert the affected parties before it happens," says Holm-Andersen.

In the complicated world of day-to-day supply chain execution, the perfect order can remain an elusive goal. But a deft combination of solid processes, strong relationships, and robust tools are bringing vendor compliance programs closer to seamless, error-free flow of product from order to end user. ■


EVENT
ON WITH THE
SHOW
LOGISTICS

BEHIND EVERY TRADE SHOW, PROMOTIONAL EVENT, B2B EXPO, & POP-UP RETAIL EXTRAVAGANZA, STANDS A TEAM OF HIGHLY SKILLED LOGISTICS SPECIALISTS.

BY TAMARA CHAPMAN

The logistics teams orchestrating large-scale events are not just accustomed to mastering everyday industry challenges such as just-in-time delivery, efficient resource management, and coordinating a vast team of movers and players. They're also experts at responding to the conundrums that make every show and event a distinctive experience.

Organizing materials for a trade show is about more than picking up shipments at Point A and delivering them to Point B. It requires crossing troublesome Ts and dotting the inevitable Is.

Just ask the trade show logistics specialists at JSI, an international logistics and supply chain services company based in Burlingame, Calif. JSI handles the logistics associated with face-to-face marketing events, particularly for the high-tech market. For larger companies, that may mean dozens of events every year. To do a good job, JSI must align seamlessly with its clients' marketing and internal logistics teams.

That begins with a review of the annual exhibit schedule. Once the shows and expos have been identified, JSI examines all the exhibitor packages, which hold the first clues to the individual challenges embedded in each show.

"The exhibitor package triggers the entire plan," explains Scott Berlin, JSI's global vice president of sales and marketing. It outlines all the details, including shipping specifications and drop-dead deadlines for contracts and payment.

Even the most straightforward exhibitor packages contain complexities that might elude an exhibitor's own marketing and logistics teams. A specialist in trade show logistics, however, knows where the potential minefields might lie. For example, the packages for large expositions—such as the high-tech CES show in Las Vegas—can be measured in pounds, rather than ounces.

"Many exhibitors, especially those new to trade shows, don't know what to look for in exhibitor packages," Berlin notes. "We know the red flags, and we can help them navigate the process."

With red flags in mind, JSI meets with clients to review the exhibitor package, and identify key milestones and specifications that may complicate matters. This is also an opportunity for JSI to educate clients about how a failure to conform with shipping specifications or delivery schedules can result in heavy fines—or even worse.

"It is a big deal if we don't get materials to the show on time, because the event could land the client millions of dollars in contracts," Berlin says.

For many shows, deliveries are scheduled to the precise quarter hour, making transportation logistics especially tricky.

"Strictly adhering to the show organizer's published move-in and move-out dates and times is key," Berlin says. In fact, deliveries and pickups are scheduled so precisely that showing up at a loading dock too early can lead to a significant penalty—as can a late arrival.

Unfortunately, not every minute can be used efficiently. At some larger shows, delivery vehicles can choke the access points, meaning drivers are paid for inching through a line at a pedestrian's pace. "Sometimes drivers wait in queues for hours," Berlin says. "It's not unusual for 50 or 60 trucks to be in line to pick up or drop off at the largest shows."

For shippers new to trade show exhibiting, this reality can lead to unpleasant surprises. "They need to be aware that they might incur extra charges," Berlin explains, noting that the late arrival of materials can result in a surcharge as high as 30 percent. And drivers may need to be paid overtime for hours spent sitting in line.

Once JSI has the exhibition calendar in hand, it can begin organizing the logistics associated with moving show materials from one site to another. With its network of global warehouse facilities, JSI can store booths and equipment strategically. If a display is booked for Minneapolis, Atlanta, and San Diego, JSI stores it at the warehouse closest to the next destination, rather than delivering it back to the client's facility—a benefit that cuts lead times, minimizes transportation costs, and saves shippers money.

JSI also coordinates shipping packages from client facilities. When JSI personnel pick up these packages, they vet them carefully to ensure boxes are taped and labeled in accordance with instructions. When they're not, JSI makes appropriate adjustments, sometimes relabeling containers to prevent confusion at their final destination, or even crating equipment that is unlikely to withstand the journey in a standard box. It's not unusual for JSI to commission a custom crate for oversized or fragile items.

Such diligence is essential, because some event site managers may refuse to handle packages that don't meet specifications. That means the materials might never make it to the exhibit hall.

Extreme interactive events such as Flugtag – where competitors launch homemade, human-powered flying machines – require precise logistics coordination and creative inventory management.

Compliance is especially critical at international shows, where specifications change dramatically from country to country, and a panoply of legal and cultural issues come into play.

One common issue involves marketing materials. "We sometimes need to send marketing collateral to the trade show organizer far in advance of the event date to allow time for the government to review it," Berlin says. Some officials will be on the lookout for anti-government messages; others, including many countries with Islamic traditions, will want to ensure that no culturally offensive images—bottles of liquor, or disrespectful depictions of the Koran—are displayed.

Exhibitors should allow plenty of time for this process, because missing the deadline could nullify all the preparation associated with an international show.

Another tricky logistics issue centers around customs compliance in different countries. Logistics teams need to be scrupulously attentive to each government's rules and processes. Any problems with documentation may mean that, even if a company's materials make it into the country, they may not make it back out—in time for another event, or at all. For exhibitors who need these materials at another show, this can be especially problematic.

To ensure that display materials cross borders smoothly—and without being subjected to taxation—most exhibitors working internationally rely on their logistics companies to complete and submit carnets, which function as temporary passports for cargo.

"A carnet itemizes everything an exhibitor is bringing in and out of a trade show, such as laptops and projectors," Berlin explains.

Everything listed in the carnet enters the country duty- and tax-free—although this exclusion does not apply to any items being left behind as giveaways. Inspectors at the exit point may check a carnet's inventory to ensure that every item—particularly technology—is returning to its origin. In some countries, computer equipment is scrutinized intensely—sometimes to protect domestic markets, sometimes to control information.

Some countries and shows issue strict admonitions about attempts to hand-carry materials into trade shows. That means a representative can't arrive on site with a box of brochures just off the presses, or a carton of souvenirs that bypassed the official approval process.

With so many intricacies at play, logistics teams need to be sure they have processes in place to monitor every paperwork requirement and every looming deadline. "It's essential to have many checks along the way to make sure everything is handled correctly," Berlin says.

For Tim Naegelin, an event manager based at the Boeing Company's St. Louis outpost, the pressing questions are always: What month is it, and what country am I in?

That's because he plans 12 to 15 events for Boeing's military product line annually. Events may be in Seattle or Sydney, Frankfurt, Germany or Frankfort, Kentucky. He begins planning fall events in spring, and winter events in summer. "I am constantly living in the future," Naegelin says.

Naegelin works with an extensive team of event personnel, about eight of whom carry a similar event load, for a total of more than 100 shows annually. These can be as small as an afternoon expo geared to high-level military brass, or a week-long extravaganza culminating in an air show. Many events are trade shows that attract military personnel from around the world.

Naegelin and his team begin by reviewing each show's target audience, location, and individual personality. The CES show—where entertainment and design are part of the fun—requires a bit of flash, while shows catering solely to military decision-makers tend to be more restrained.

"Planning teams work together to decide the exhibit's focus," Naegelin explains.

That focus will determine how existing displays are customized, or, if needed, how a new one is designed from scratch. The team identifies which aircraft models will be displayed—a decision that triggers immediate action. The list is rushed to an in-house logistics coordinator who reserves the models, as well as any desks, counters, or equipment essential for display.

Some of the models are sized to perch on a desktop. "Others hang from the ceiling—with a 10-foot wingspan," Naegelin notes.

The bigger shows occasionally require the presence of actual aircraft. Once these are booked, the responsibility for flying them to the event rests with another department. "If it's a small helicopter or unmanned vehicle, we ship it," Naegelin says. "One Boeing employee's entire responsibility is scheduling the aircraft."

The list of models to be displayed and the show's focus dictate exhibit design, which, in turn, dictates logistics. Boeing partners with outside exhibit houses to craft, produce, and store the displays and accompanying fixtures. In putting together an individual exhibit, the team draws from a vast library of models, demo desks and counters, banners, signs, and audiovisual resources.

Still another factor in event logistics decisions is the venue location. For example, if the Boeing booth is traveling to sociable, relationship-oriented Europe, Naegelin and the designers might include a coffee service and a few extra chairs to promote relaxed chat. "Europeans prefer not to enter into business discussions right away," Naegelin notes. "That comes later. To-the-point Americans, on the other hand, won't linger over coffee. They may want to get down to business in a nearby conference room. No need to worry about the coffee service for them—but it makes sense to ensure that the booth includes some area where business details can be reviewed."

Once the exhibit's composition is finalized, items are assembled at a central location and dispatched to the exhibit site by a third-party carrier.

As Naegelin sees it, logistics planning for events requires a certain mindset, a relish for tracking moving parts, and an affinity for multitasking. "Usually, people who get into this job have a talent for organization," he notes.

Brian Harvey, executive vice president of sales and marketing for New York-based transportation and logistics company Axis Global Logistics, knows marketing isn't what it used to be. As a result, the logistics behind any kind of face-to-face marketing event—whether a trade show, sponsored sports rally, or street festival—involves adaptability, flexibility, and no small amount of ingenuity.

Founded in 1997, Axis focuses on supply chain integration. Within its event logistics operation—which represents about 25 to 30 percent of its business—that means a willingness to take on just about any task. Producing banners and signs? Yep. Warehousing perishable refreshments? No problem. Refurbishing snowmobiles fresh from an event? Done.

A growing number of the events frequented by Axis' clients are rooted in a concept known as guerilla marketing—an approach to building brand loyalty by relying on highly interactive events.

These extreme events demand more logistics, coordination, and inventory management than a traditional trade show because they involve less-traditional venues. They may take place at street level with no loading docks, and minimal support from an event manager. It's up to the logistics team to collect all the needed items and get them to the event site on time.

In addition to storing, maintaining, and transporting materials, Axis also procures them—everything from perishable foods to soccer balls, gaming consoles, portable putting greens, and folding chairs.

"Our staff sources these items, paying attention to pricing and quantities," Harvey says. A company subdivision, Axis Source, leverages its connections with printers to secure favorable pricing on promotional signs, banners, and billboards. Axis even coordinates their installation.

For all their seeming spontaneity, these extreme interactive events require extensive planning and coordination. To make all this happen seamlessly, Harvey urges clients to invite Axis to the table early in the planning process, while events and designs are still on the drawing board. The firm prefers to work with clients from the inception of an event to its aftermath. In fact, the latter can be as time-consuming as planning and preparation, because it involves transporting all materials to one of several possible warehouses, repairing damaged items, and restocking perishables with the next engagement in mind.

Event logistics companies handle everything from time-critical deliveries of trade show equipment to storing booths and supplies after the exhibition.

"We try to embed ourselves into the beginning of the process, and become a partner within the supply chain," Harvey says, adding that a close relationship helps Axis not only coordinate logistics, but also contribute cost-saving ideas.

Major opportunities to reduce costs arise with strategic inventory management. Axis' extensive network of regional warehouses allows the company to store materials with the exhibit calendar in mind. For example, a client may want to stage an event that incorporates several motorcycles, DJ stands, and beach umbrellas. The bikes were last used in California, and are now warehoused nearby. Meanwhile, the DJ stands and umbrellas are center stage at an event in New Jersey.

Thanks to a warehouse management system that integrates with its transportation management system, Axis always knows what inventory is in a particular storage facility or on a truck. The Axis team also knows which items are under repair, which need a new coat of paint, and which need to be replaced—information that's critical for planning and budgeting purposes.

Such close partnership is also imperative with a subtler form of marketing showmanship: pop-up events. These include everything from limited-engagement fashion shows to a store-within-a-store. Pop-up events allow two brands to align for mutual benefit. For example, a designer dress label may contract with a department store to preview its new line at a limited-time event. When the fashion show is over, all traces of the event disappear, and the store floor returns to normal.

Each year, Axis handles approximately 1,500 store-within-a-store events for an exclusive cosmetics label. That presents considerable challenges in inventory management. To handle the events, Axis has regionalized the inventory into four different areas around the country.

Not only does Axis warehouse and transport all the fixtures—including counters, carpets, graphics stands, and chandeliers—it works with the host store to ensure that everything is handled with minimal disruption.

"We bring our install team of carpenters, electricians, and tradesmen to lay carpeting and work on the electrical system, if it's needed," Harvey says. The company even arranges for fresh flower delivery and display.

The Axis team doesn't retreat into the shadows until the host venue has signed off on the work they've done. Once everything is assembled to standards, Axis photographs the store and files the images so the client can review them whenever it's time to refresh the design or rethink the concept. Axis also provides a computer repository of all the relevant paperwork—such as blueprints, insurance documents, and contracts—so the client is spared the stress of creating the paper trail.

"The hardest part for our clients is bringing all the elements together," Harvey says. By handling this task, Axis not only offers a value-added service, it makes its own job easier.

Not that easier is easy. As Harvey explains, event logistics always involves troubleshooting: "You are working toward Plan A, but sometimes you have to go to Plan B. You have to make decisions on the fly, and get creative on site."

That creative problem-solving—along with meticulous planning and big-picture perspective—helps event logistics specialists ensure every project is a memorable success. ■

Need to know the best way to maximize intermodal transportation? Work within Hours-of-Service restrictions? Choose a 4PL to help manage your supply chain?

HELP IS ON THE WAY!

Matching supply to demand in today's volatile global environment requires tactical collaboration and strategic partnership to execute in the most efficient and economic means possible. *Inbound Logistics* is here to help guide you in the right direction. Over the past several years, we have solicited reader input and industry expertise to provide practical and instructive how-to guides that address fundamental transportation and logistics challenges. We are incrementally building a library of industry best practices to help readers turn interrogatives into imperatives.

The next 3 installments in the H.O.W library appear on the following pages:

You'll also find these articles on our Web site: inboundlogistics.com/how and in digital format: inboundlogistics.com/digital

How to Take Advantage of Intermodal Transportation

Looming truck driver and capacity shortages, freight rate increases, Hours-of-Service and CSA regulations, and sustainability mandates are compelling many shippers to consider domestic intermodal solutions for the long haul. Perceptions are changing. There are fewer excuses and less resistance. Market constraints aside, rail services and intermodal transit times have become more dependable, making it easier for companies to make the leap. A decade ago, transit time was important, but not a critical factor–which made rail intermodal suitable for a select group of shippers. Today, however, carriers and third-party partners are scorecarding and benchmarking performance to the minute as they move toward time-definite expectations.

On the East Coast, for example, the Crescent and Heartland intermodal corridors are helping to speed throughput on and off port while providing greater hinterland connectivity. More telling, intermodal is no longer simply a long-haul play. Many shippers are reaping gains by using rail transport in certain regional lanes and markets where inbound-outbound freight imbalances require better use of over-the-road assets to reduce deadheads or alleviate congestion.

With greater visibility to demand and upstream moves, shippers and consignees can make more informed decisions about actual speed-to-market requirements. They can use transloads to mix and match truckload, less-than-truckload, and rail options, creating latitude and deploying highway resources where they are needed most.

If, for example, a shipper is using team service for long-haul truck moves from the East Coast to the West Coast, it might make sense to convert that to intermodal. Although transit times will be two days slower–and the shipper will pay inventory and handling costs–there are considerable transportation cost savings to be had.

As capacity becomes a bigger concern and freight rates continue to rise, shippers will have to open the transit window farther to take advantage of intermodal solutions.

IN SEARCH OF AN ISP?

Any shipper that is making single-stop pickups or deliveries in the transcontinental market should consider converting over-the-road movements to intermodal–especially as capacity in certain lanes begins to tighten. Here are four factors to consider when searching for the right intermodal services provider.

1. TECHNOLOGY CAPABILITIES. Visibility is paramount when working across modes. Intermodal used to be a communication black hole, especially when product came off the rail. But that's not the case anymore. Intermodal service providers can provide a steady stream of information and visibility through continuous GPS tracking. In addition, they can take data, add value to it, and provide shippers and consignees with actionable information that enables them to optimize their transportation moves–improving dwell times, for example.

2. FINANCIAL STABILITY. Make sure the intermodal partner is viable. Are finances in order? Ask for references from rail and motor freight carriers, as well as other shippers.

3. ASSETS. Does your prospective partner have containers and/or drayage assets to move shipments? Some non-asset-based companies sell product they buy from underlying carriers. Prospective shippers should ask questions. Find out who the broker is working with, and properly vet that chain of custody.

4. FUTURE GROWTH. The intermodal market is changing at a rapid pace as services and technology capabilities continue to mature. Make sure your partner is thinking ahead. Does it have a five-year plan? Is it making investments? What industry partnerships is it involved with?

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How to Manage Hours-of-Service Regulations Compliance

Now that the Federal Motor Carrier Safety Administration's Hours-of-Service (HOS) rules have entered into force, trucking companies and shippers need to account for these regulatory changes. Any company that is working in a fast-paced, time-definite shipping environment is especially vulnerable.

The new HOS regulations feature two key provisions:

- **Limitations on minimum "34-hour restarts."** Where previously any 34-hour break would allow drivers a "restart," the 34-hour period now mandates two 1 a.m.-to-5 a.m. periods. The clock doesn't reset with the start of the rest period, but rather the beginning of the restart. A driver can only take one 34-hour restart in 168 hours, once a week. Without proper planning, the 34-hour window can turn into a 50-hour window.
- **Rest breaks.** Long-haul truck drivers can still work 14 hours in a day, but they may not work more than eight consecutive hours without taking a 30-minute rest break. This means that drivers must be properly trained and monitored to ensure they are following regulations. Routes and schedules must be adapted to accommodate these breaks.

As a consequence of these changes, shippers and consignees need to be more proactive about how they schedule and accommodate deliveries to ensure drivers remain in compliance, and that they don't incur any undue delays or extra costs—or the wrath of customers who have received poor service.

In an industry that is already stressed by growing volume demands, fewer drivers, and aging infrastructure, the HOS rules will further reduce capacity.

SENDING OUT AN HOS SOS

To make the best of the new rules, shippers can follow these three guidelines:

1. SCHEDULING AND WORKFLOW MANAGEMENT. The new regulations will lengthen delivery times. Left unchecked, this can increase costs, disrupt complex supply chains, and introduce cascading consequences throughout a company's extended network.

One way organizations can counter these changes is by adjusting their planning. A common practice among trucking companies is to schedule driver hours for early morning to allow more drive time, and to put trucks out with less traffic. The new rules will require this approach to be managed even more closely.

Small mistakes from scheduling or unexpected events will have greater consequences. Ensure that your carrier partners are fully engaged throughout your system, and are prepared to handle contingencies.

2. DRIVER MANAGEMENT. It's easy to forget that multi-million-dollar supply chains rely on the work of drivers operating with relative independence on modest salaries. An industry that is already suffering from a significant shortage of drivers must now adapt to tighter regulations, increasing the need for good drivers.

Drivers need to understand increasingly complex regulations and be more attentive to compliance. Companies should focus on their recruiting, training, and management practices.

3. PARTNERSHIP. Collaboration has always been an important part of delivering a supply chain that creates an operational advantage and gives shippers greater control over their costs. Today, it is essential. Ensure that your trucking company provides the technology, transparency, and reporting that enables you to continually improve the efficiency of your business. Just as importantly, provide them the data to allow for greater gains in productivity and management.

How to Transform Your Supply Chain Through a 4PL Approach

When companies have a huge hill to climb in strategic business process change, radical growth they don't know how to handle, market volatility, acquisitions, or significant supply chain performance issues, a fourth-party logistics (4PL) provider strategy can help align and direct projects with an eye toward future goals.

The 4PL engagement begins with formulating a supply chain strategy. Companies may have goals and objectives, but those don't necessarily paint a picture of what they want to be and where they want to go. A 4PL approach helps define the supply chain capabilities and characteristics an organization wants to develop, and establish the methodologies necessary to drive results month-to-month and year-over-year to achieve that vision.

The second part of a 4PL strategy is establishing a governance process—ensuring key stakeholders are involved with reviewing projects, opportunities, and standard methodologies. This includes project, financial, and implementation management.

With these two bases in place, the 4PL partnership can go in multiple directions. Often a 4PL provider will work with a customer to create a funnel they can use to channel projects through the methodology and governance processes. Companies can progressively work toward bigger goals by fast-tracking quick wins—transportation rates and optimization, as well as DC network rationalization, for example.

As an organization streamlines its supply chain, it frees up cash that can be injected elsewhere. A successful 4PL engagement blends strategy and execution, with each feeding the other. A methodology must be in place to set goals, measure performance, and progress toward bigger gains by meeting more easily recognized goals.

The last part of the 4PL implementation involves aligning capabilities to demand. Functional needs change as the company and provider accumulate quick wins and move toward achieving their vision. Scope will change with different ebbs and flows, and resources will flex according to different skillset requirements. By contrast, in a traditional 3PL partnership the service provider will hold onto scope, such as managing a DC.

Ultimately, it all reverts to the initial strategy. What are the company's long-term objectives? What does it want its supply chain to look like? A company's future state vision is often radically different than the current. Progress toward an enterprise's goals is never a straight line. It changes because the business will inevitably change.

3 SITUATIONS A 4PL CAN IMPROVE

Could your company benefit from working with a 4PL partner? If any of these descriptions fit, it's possible.

1. Any significant change in a company's position in the market or in the market itself can be a 4PL trigger. If there is a lot of consolidation, new entries and competition, or a series of acquisitions and accumulated resources, companies may consider driving transformational change in order to meet market or competitive requirements.

2. A commonality of resources and skillsets—or a lack of diversity in talent and expertise—may require an infusion of fresh thinking and new scenarios to take the organization to the next level.

3. Supply chain disorder is a sure sign that a 4PL could be of use. Is the supply chain highly decentralized and difficult to manage? Does a company run all its warehouses the same way, or does each have its own processes? How lean is the supply chain? If there are big gaps between goals and reality, a 4PL approach can help accelerate migration toward better standards and greater efficiencies.

I.T. Toolkit | by Danielle Beurteaux

Putting Stock in Retail Analytics Tools

Getting the right products on shelves at the right time in the right quantities is a delicate balance of timing, organization, and cooperation. And for large consumer products manufacturers, getting those numbers as accurate as possible—particularly for large retailers—can mean the difference between a drop in sales and a banner year.

For Kleenex maker Kimberly-Clark, managing inventory at retail stores in China was nothing to sneeze at—until it found an analytics solution that delivers comprehensive stock data.

For Irving, Texas-based personal products manufacturer Kimberly-Clark, the need for accurate data became clear when incorrect stock reports in Walmart stores in China resulted in decreased sales for Kimberly-Clark China.

Kimberly-Clark Corporation manufactures a range of popular personal care product brands, including Huggies diapers, Kleenex tissues, and Viva paper towels. It operates manufacturing facilities in 37 countries, and sells its products in 175 countries. In 2012, the company generated more than $20 billion in sales globally.

In 1994, Kimberly-Clark established a presence in China, where it now operates three factories—in Beijing, Nanjing, and Shanghai—and generates $500 million in annual sales. The company saw high double-digit growth in China between 2011 and 2013, and is a lead supplier to Walmart, which entered the Chinese market in 1996 and now has a presence of 396 stores.

The market for personal care products in China has grown vigorously in recent years, driven by an increase in disposable income and a burgeoning middle class eager to buy. To take advantage of that growth, many multi-national personal care product companies are focusing on the Chinese market, leading to fierce competition.

Although Kimberly-Clark China was growing steadily, the division was experiencing problems, says Oscar Mousinho, the company's sales and marketing continuous improvement director. From 2011 to 2012 – as the management team went through a major overhaul – the company also expanded to a new product category, adding standard diapers to complement its premium diapers. The addition revealed execution problems.

Signs of Trouble

The company didn't have specific evidence that stock allocations in Walmart stores were not working as desired, but did sense problems. In some stores, sales personnel found empty shelves, despite reports stating that they were stocked—also known as phantom inventory.

In addition, sales projections were often inaccurate—sometimes widely so. For example, a store would plan to sell 100 units of a stockkeeping unit (SKU), but end up selling half that amount.

Promotions were the biggest pain point, suffering from incorrect pricing, or products that were missing from store shelves during the promotion period because they weren't allocated, while other stores with too much inventory were being restocked with product they didn't need.

"Some efforts we planned centrally were not executed in the stores," says Mousinho. "For example, a promotion that should start on Monday started on Wednesday instead, or it never started at all. Or the price we'd agreed on with some customers was not what was posted on the shelf."

Many issues Kimberly-Clark encountered are not unique to the Chinese market. But the population in China is so large, growing so quickly, and urbanizing so rapidly that swings in purchasing behavior can be considerable—whether month-to-month, or during important seasonal events.

For instance, diaper sales drop during the summer months because Chinese parents don't use them during that time of year. But there's usually a big buying surge during the Chinese New Year, when families traditionally gather and exchange presents. Sales can peak as families travel to visit relatives and buy diapers specifically for the trip. Promotions during this holiday alone can generate 45 percent of Kimberly-Clark China's total sales.

In addition, currently only about 45 percent of Chinese parents buy disposable diapers—but that number is growing, and so is the competition within the product segment.

"The diaper market attracts a lot of competition and promotions from various sources, from local players to global companies," Mousinho says. "One way to win market share is to have excellent execution at the point of sale, and that's what we've been trying to do."

Seeking Solutions

The Kimberly-Clark China team began to investigate potential solutions available in China, and review how other Kimberly-Clark offices around the world dealt with similar issues. During a Kimberly-Clark global Walmart meeting, Mousinho and his national accounts director heard about Mountain View, Calif.-based software provider Retail Solutions Inc. (RSi).

Kimberly-Clark's U.S. operations had established a working relationship with the company, and reported positive results. "We started working with RSi in the United States, and it proved to be a good solution for our partnership with Walmart," says Mousinho. "After several rounds of discussions as to how we would implement RSi's tools in China, we decided to begin a pilot project."

Mousinho and his team spoke with other RSi customers in China to get a sense of how they used the retail tools, and the implementation challenges Kimberly-Clark might encounter. The company wanted to ensure that if it began work with RSi, its own results would be up to par.

Bringing Intelligence to Data

"One key to implementing this solution is that we need to be ready to act on it," Mousinho says. "We receive a lot of information—that a store in Guanjou or Shanghai is out of stock, for example. It is up to us to act quickly, so our supply chain needs to be very engaged."

RSi maintains offices around the world, including in Shanghai. The company offers cloud-based analytical tools – such as category management, supply chain management, and store operations – for consumer products companies.

"We work with suppliers and signature retail companies to help resolve their regional execution issues," says David Sun, managing director of RSi in China.

The company's *Retail Management* application suite collects point-of-sale retailer data to help consumer products companies effectively execute their product stocking strategies. RSi's main applications are *Retail Intelligence*—an on-site availability and management application that incorporates use cases to create customizable retailer data templates—and *Retail Visibility*, which provides detailed data reports drawn from 500 metrics.

The main difference between what RSi does in the United States versus in China is that China is still much more driven by what Sun calls "traditional trade"—small mom-and-pop stores, instead of large chain retailers.

"About 40 percent of purchasing in China still goes through traditional trade, so to improve supply chains or logistics is different than in the United States," Sun says. "We have to make sure forecasting is aligned with trade operations."

Searching for Success

To begin the process of implementing RSi's tools, the Kimberly-Clark China team first envisioned the results it desired. "We asked ourselves what success would look like, and where the potential was," says Mousinho. "For example, we analyzed our promotional activities and looked at sales figures from different years to see how good they could be."

Together with RSi, the team reviewed its data to pinpoint opportunities to reduce out-of-stock events. It also used *Retail Intelligence* to close the distribution gap of some SKUs that should be in the majority of Walmart stores, and to better plan promotional activities.

Walmart operates 396 stores in China, carrying 300 Kimberly-Clark SKUs. Dramatic seasonal peaks and frequent promotions made inventory management challenging, until the manufacturer implemented an analytics solution to track stock data.

Post-launch, reactions from Kimberly-Clark's sales team and different regions in China were mixed for the first six months. Mousinho expected a learning curve before people recognized the applications' value.

"Some saw the benefits and liked the change right away, while some resisted in the beginning," he says. "For the first six months, performance, feedback, and reaction were mixed."

Now Kimberly-Clark China receives daily and monthly reports, and holds quarterly meetings with its leadership team and RSi, resulting in a close working relationship. "I've even asked RSi to identify areas or people that are not responsive enough," says Mousinho. "Part of my role is to drive change, so I talk with the RSi team to understand what we need to do to work together more efficiently."

The next step was to align the promotion location algorithms for more accurate product delivery. "The higher-selling stores can now get more stock, and the lower-selling stores can make sure they don't have too much excess inventory after promotions," Sun says.

The partners had to make adjustments along the way, but that's to be expected, says Mousinho, considering Kimberly-Clark China has around 300 SKUs in Walmart's almost 400 stores, which generates a massive amount of data—around 100,000 records daily. For instance, Kimberly-Clark's sales representatives in the field would compare stock against RSi's reports, and occasionally identify inaccurate alerts. The reps would then notify RSi directly, which helped Kimberly-Clark quickly improve out-of-stocks.

Identifying Trouble Spots

In another instance, when Walmart decided to reduce the display quantity of Kimberly-Clark's Huggies diapers, sales dropped dramatically—by a full 25 percent week by week. RSi was able to use its daily data reports to analyze day inventory versus sales. The team discovered a flaw in Walmart's own stock analysis — it was using week-by-week sales compared with end-of-week inventory.

"With the results of the daily level data, the outcome was opposite of the Walmart calculation," says Sun. "The sales trend compared side-by-side showed 100-percent alignment of the inventory settings and the sales drop." Kimberly-Clark presented those results to Walmart, and the retailer reset its stock settings to the previous levels.

Kimberly-Clark started seeing results almost immediately — within the first one to two months of implementation for stock-outs — due to the daily status reports that provided accurate data from the previous day.

"As soon as we started to act on those in stores, some sales of the same SKU increased by almost 40 percent, because we were running low or out-of-stock in some specific SKUs," says Mousinho.

The *Retail Intelligence* reports took another three to six months to begin producing solid results, because it involved convincing Walmart of their accuracy. At first, Walmart and Kimberly-Clark China both provided data to compare, and Kimberly-Clark was able to show that theirs was more accurate.

"We can show Walmart which types of orders for promotions cause us to run out of stock," explains Mousinho. "The quality of RSi's results is well known within Walmart, so when we tell them what RSi suggests the promotion order should be, they trust us, and the numbers."

Kimberly-Clark China's performance in Walmart improved significantly in 2012. "We even received the Best Vendor of Walmart China award," says Mousinho.

Mousinho says Kimberly-Clark China's relationship with RSi will be a long-term one. The software paid for itself within six months, and now Kimberly-Clark is using it with three additional retailers, with plans to expand.

"We see the software's long-term value for Kimberly-Clark," Mousinho says. "And it's a good way to manage our own relationships with customers, as well." ■

3PLs

C.H. Robinson Worldwide, Inc. • www.chrobinson.com

Founded in 1905, C.H. Robinson Worldwide, Inc. is one of the largest third-party logistics companies in the world, providing multimodal transportation, fresh produce sourcing, and information services to more than 32,000 customers globally, ranging from Fortune 500 companies to small businesses in a variety of industries. For more information about our company, visit our Web site at www.chrobinson.com.

Dupré Logistics • www.duprelogistics.com

With specific emphasis in the chemical, consumer products, and beverage industries, Dupré's unique solutions provide expertise in dedicated fleets, transportation management/brokerage, materials handling, and reverse logistics. Dupré works to understand your business and measure how our system meets your expectations.

MIQ Logistics • www.miq.com

Started in 2002, MIQ Logistics has locations in Asia, Europe, North America, and South America. Along with its global network partners, MIQ Logistics provides services in and between more than 80 countries supported by more than 5,000 in-country logistics professionals. Its broad portfolio of global, transportation, and distribution services makes it possible to offer global end-to-end supply chain solutions supported by the visibility of Web-native technology. If your business is seeking supply chain improvements, let MIQ Logistics add value to your business.

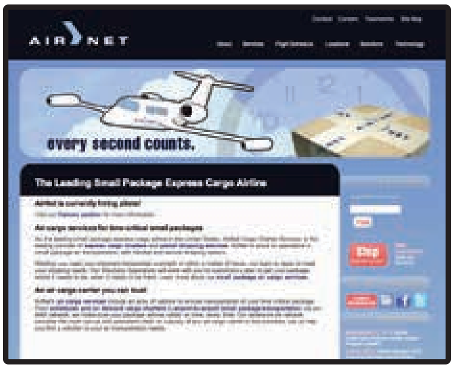
UTi Worldwide • www.go2uti.com

UTi Worldwide is an international, non-asset-based, global integrated logistics company providing air and ocean freight forwarding, distribution, contract logistics, customs brokerage, and supply chain management services and design, including enhanced warehousing, transportation, order management, and manufacturing support. Our 21,000 employees in 350 branch locations and 240 logistics centers offer complete logistics solutions that maximize value along the supply chain from end-to-end.

IN THIS SECTION:

Expedited Air – Freight Forwarding

EXPEDITED AIR



AirNet • www.airnet.com

As the third-largest air cargo airline in the United States, AirNet is the leading provider of expedited and specialized transportation solutions. AirNet is proud to specialize in small package delivery, with flexible and secure handling and delivery options. Whether you need your shipment delivered overnight or within a matter of hours, our team is ready to meet your shipping needs. Our Solutions Specialists will work with you to customize a plan to get your package where it needs to be, when it needs to be there. Learn more about our small package air cargo services.

Alaska Air Cargo • www.alaskacargo.com

Alaska Air Cargo provides reliable air cargo services to meet your shipping needs. Whether it be small packages, full ULD shipments, or chartered freighter service, Alaska Air Cargo offers a variety of options, including GoldStreak® Package Express, a next-available-flight service for items up to 100 pounds; Priority Air Freight for time-sensitive shipments that are larger than GoldStreak and need to be at a destination by a specific time; and Animal Express, a priority express service that ensures animals a safe and comfortable journey.

Lynden • www.lynden.com

Over land, on the water, in the air – or in any combination – Lynden has been helping customers solve transportation problems for almost a century. Operating in such challenging areas as Alaska, Western Canada, and Russia, as well as other areas around the globe, Lynden has built a reputation of superior service to diverse industries.

FREIGHT FORWARDING

Geodis Wilson • www.geodiswilson.com

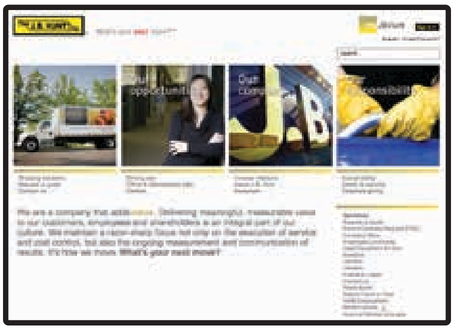
With 5,500 people and a global network, Geodis Wilson is one of the world's largest freight management companies, serving customers with integrated supply chain solutions that deliver cargo by sea and air. The company's expertise, value-added services, and e-services enable you to streamline the flow of goods. We also make your supply chain more transparent and easier to manage. A self-reliant network of offices, and air and ocean hubs in more than 50 countries, ensures that your cargo flows efficiently and consistently across the world.

IN THIS SECTION:
Intermodal – Logistics IT

INTERMODAL

Hub Group • www.hubgroup.com

Hub's extensive service network – built over many years – enables it to provide innovative transportation solutions that are versatile, flexible, and designed to deliver maximum efficiency. With this advantage, Hub Group is able to collaborate with customers daily to help them meet their transportation challenges. With intermodal, highway, and logistics transportation offerings, the Hub Network is your single source – coast to coast, border to border. Visit the Web site to learn what Hub can do for you.



J.B. Hunt Transport Services, Inc. • www.jbhunt.com

J.B. Hunt Transport Services, Inc., a Fortune 500 company and one of the largest transportation logistics providers in North America, supplies safe and reliable transportation services to a diverse group of customers throughout the continental United States, Canada, and Mexico. Using an integrated, multimodal approach, J.B. Hunt offers comprehensive solutions centered on delivering customer value and industry-leading service.

LOGISTICS IT

Acuitive Solutions • www.acuitivesolutions.com

Acuitive Solutions' work-process tools and solutions serve leading companies in the home center, premium fashion, specialty and direct retail, home and office décor, and apparel markets. Global TMS ... It's everything we do. Winner: 2011 Supply Chain Distinction Award - Best Collaborative Practice category, and finalist: 2011 Supply Chain Innovation of the Year Award.

Intellect Technologies • www.intellecttech.com

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

Suntek Systems, Inc. • www.ilogisys.com

Suntek provides its logistics management software, *iLogisys*, for freight forwarders, NVOCCs, 3PLs, and customs brokers. As the company's flagship solution, *iLogisys* offers simple and efficient methods of logistics operation, collaboration tools between related parties, extensive supply chain visibility, B2B EDI connectivity, and more control over business management. The cost-effective and feature-rich *iLogisys* products boost your customer satisfaction, and increase sales opportunities for business growth.

MATERIALS HANDLING

Material Handling Industry (MHI) • www.mhi.org

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

TRUCKING

Ruan • www.ruan.com

Ruan is a single-source provider of dedicated contract carriage, logistics, and other integrated transportation services. We specialize in private fleet conversion. We have nearly 5,000 employees, 3,200 tractors, and 7,000 trailers at more than 230 operations nationwide. With Ruan, you get more than just drivers and equipment—we become an extension of your team, advocating for your bottom line. To find out how we can drive costs out of your supply chain, call 866-782-6669 or visit www.ruan.com.

Saia LTL Freight • www.saia.com

For nearly 90 years, Saia LTL Freight has been providing customers with fast, reliable regional and interregional shipping. With 147 terminals located in 34 states, Saia LTL Freight offers a range of products and services that are backed up by a guarantee like no other in the industry. Our Customer Service Indicators, or CSIs, allow us to measure our performance each month against a set of six indices that our shippers said are the most important to them.

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.

Don't Just Report on Vendor Non-Compliance, Minimize It

enVista

TITLE: ***Don't Just Report on Vendor Non-Compliance, Minimize It***

DOWNLOAD: *bit.ly/16KsB2P*

SUMMARY: Improved vendor management offers several important implications to your business, including: improved customer service, minimized lost sales, and significantly increased profits. In this whitepaper from enVista, you'll learn how to develop strategic vendor management programs to achieve significant cost savings, and ways to effectively mitigate vendor non-compliance activity before it happens.

Weber Logistics

TITLE: ***How to Reduce Retail Chargebacks in Your Vendor Compliance Program***

DOWNLOAD: *bit.ly/18CpunO*

SUMMARY: Retailer chargeback fines for non-compliant shipments are a profit-draining reality. But retail suppliers with the will and the resources to prevent and refute chargebacks can avoid hundreds of thousands of dollars in lost profit. This Weber Logistics whitepaper provides background on the origins and rationale for chargebacks, followed by a seven-step process for avoiding or overturning these costly penalties.

TMW Systems

TITLE: ***The Management Guide to Making a Routing Software Decision***

DOWNLOAD: *bit.ly/16KsQe8*

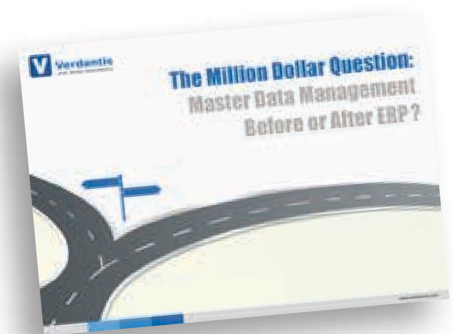
SUMMARY: Routing software technologies really do work. They lower costs and improve the service levels you offer your customers, while bringing practical and efficient planning solutions to your fleet operations. The keys to making a successful software decision include approaching it as a powerful business improvement benefit – not just a way to replace or reduce staff. Find more details in this free whitepaper.

GT Nexus

TITLE: ***Can JIT and Global Sourcing Strategies Co-exist?***
DOWNLOAD: *bit.ly/1aHIg2a*
SUMMARY: Just-in-time inventory strategies are at odds with global sourcing, but the two can co-exist with the right technology. A cloud-based supply chain platform can mitigate the risk of sourcing globally without weighing down the supply chain with excess inventory and costs. Download this whitepaper to learn how cloud solutions can reduce buffer stock with in-transit visibility; reallocate to meet changing demand requirements; avoid hidden costs along the supply chain route; and reduce emergency expediting costs.

Llamasoft

TITLE: ***The Next Generation of Inventory Optimization Has Arrived***
DOWNLOAD: *bit.ly/1htzZlf*
SUMMARY: Finding the balance between overstocks and losing sales is necessary for operational growth and health. Many inventory optimization tools fall short, however, due to inaccurate classification of underlying demand. A recent technology breakthrough has made it possible for companies to right-size safety stock levels through better understanding of the demand that drives them. Download this whitepaper to learn how this new technology enables companies to analyze and properly classify demand; factor all aspects of inventory for both existing and new supply chain structures; and simulate real-world behavior to enable true what-if capabilities.



Verdantis

TITLE: ***The Million-Dollar Question: Master Data Management Before or After ERP?***
DOWNLOAD: *bit.ly/HuCExO*
SUMMARY: ERP and Master Data Management (MDM) need to co-exist to maintain consistent enterprise data, consolidate it across global boundaries, and make it available in a business-ready and actionable format to accelerate managerial and business user decisions to drive greater organizational returns. Read this whitepaper to understand why MDM is necessary; how it helps tackle issues such as data quality and governance; and why MDM should accompany an ERP implementation.

Share your whitepaper with *IL* readers!

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

Carrier Transicold's NaturaLINE shipping container uses CO_2 as a natural refrigerant instead of synthetic refrigerant, which has a higher potential for negative environmental impact. The use of CO_2 reduces the lifetime carbon emissions of the container by 35 percent. NaturaLINE is also 95-percent recyclable.

// Transportation //

Ocean carrier **Yang Ming Marine Transport Corp.** began operating a Southeast Asia service. The 14-day port rotation includes Laem Chabang, Thailand; Singapore; Port Klang, Malaysia; and Jakarta, Indonesia.

TNT Express extended its 12:00 Express and 12:00 Economy Express delivery services to more than 900 additional locations across Europe. TNT guarantees morning delivery to cities in Austria, the Czech Republic, Denmark, France, Germany, Greece, Hungary, Italy, Latvia, Poland, Slovakia, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom.

An alliance between **FedEx Corp.** and **Cardinal Health** gives healthcare industry shippers access to global transportation networks, direct-to-patient and department-specific delivery options, global facilities, and a single point of contact.

UPS expanded the range of its Temperature True service portfolio for temperature-sensitive healthcare products. Temperature True Plus maintains compliance on shipments requiring strict temperature ranges in transit; Temperature True Standard is for shipments that need lower levels of in-transit monitoring; and Temperature True Saver is an ocean freight solution for large volume shipments requiring tight cost management.

Crowley Maritime Corporation and **Seaboard Marine** began a weekly service as part of a vessel-sharing agreement. Two 2,500-TEU vessels call at PortMiami and Port Everglades, Fla.; Puerto Limon, Costa Rica; and Colon and Manzanillo, Panama.

IAG Cargo expanded its offerings in the Asia Pacific region with an additional air freighter service to Hong Kong. The route is the sixth weekly IAG flight into Hong Kong, and is serviced by a Boeing 747-8 freighter that departs Hong Kong Airport on Saturday morning.

//Technology//

SDV launched a mobile app for tablets and smartphones. It features shipment tracking, alert management, and geographic location, and is available from iTunes and Google Play.

The Port of New York and New Jersey released an online Intermodal Rail Services tool. It displays a list of all trains and their specified runs, including which service provider handles the route, any applicable cutoff times, and daily departure times.

Logistics technology provider **Cargowise** developed a customs-compliant software module that meets the requirements of the Canada Border Service Agency's (CBSA) Advance Commercial Information eManifest program being implemented in 2014. The software module allows freight forwarders to transmit electronic information to CBSA in advance of shipments.

Flash Global Logistics launched *FlashView*, a solution that provides track and trace functionality to the service parts industry. The software offers users real-time data that allows them to improve parts planning accuracy, manage and identify shipping trends, and gain end-to-end shipment visibility.

A new smartphone app from **The Port of Houston Authority** enables shippers to check the status of containers and their availability for pick up at the Bayport and Barbour's Cut container terminals. The app displays terminal announcements, container status, booking detail summaries, vessel schedules, and cutoff dates.

LoadDex, a freight pricing and modal selection tool offered by **Logistical Labs**, uses big data to help shippers get fast and accurate freight pricing. Features include aggregating pricing information by route, and connecting shippers with rail provider rates.

Llamasoft released version 8.0 of its *Supply Chain Guru* transportation and supply chain network design software. New features assist shippers in right-sizing inventory levels, optimizing disparate business goals, and minimizing transportation route costs.

//Services//

Global logistics provider DF Young introduced a new division: **DF Young Specialty Logistics**. The unit focuses on freight forwarding, high-touch, time-sensitive, air freight, and courier services.

Rugged tablet manufacturer **Xplore Technologies Corp.** partnered with motion-safety technologies provider **blank-it** to create an integrated rugged tablet solution that limits operator distractions while operating heavy machinery in warehouse and distribution operations. The solution limits equipment operators to programs such as navigation aids, reverse camera displays, and dispatch systems while vehicles are in motion.

Intermodal truck carrier **ASF Intermodal** opened a facility in Rockdale, Ill. The new intermodal terminal is the first of several that ASF has planned, and expands the company's service footprint in the Midwest.

E-commerce solutions provider **Newgistics** established three new U.S. sites. Located in Hebron, Ky., Commerce, Calif., and Chicago, Ill., the facilities offer fulfillment, parcel, and returns functions.

A new 12-door service center in Burlington, Iowa, allows **Dayton Freight** to increase less-than-truckload transportation services to Iowa shippers, and to reach more points in the state directly.

Old Dominion Freight Line expanded its Ashville, N.C., service center. The facility now has 43 doors, and acts as a hub for freight travelling through the southeastern United States.

Four new super post-Panamax ship-to-shore cranes began operation at the **Port of Savannah's** Garden City Terminal. Each crane lifts up to 65 tons, and the addition brings the total number of post-Panamax and super post-Panamax cranes at the port to 27.

Union Pacific Distribution Services opened a location in Odessa, Texas. The Odessa Railport combines pipe and bulk transloading operations with direct Union Pacific Railroad lines to deliver freight services to west Texas oil fields.

Dean Warehouse Services opened a new 635,000-square-foot warehouse and distribution center in Warwick, R.I., adjacent to

T.F. Green Airport. The facility offers warehousing, distribution, fulfillment, and transportation services.

// Products //

Dynamic Systems added metal barcode tags to its *Checkmate & Tool Software* offering. The tags allow shippers to track items with rough surfaces that typical labels won't attach to.

Kelley's HULK Series Zero Lift raises items to ergonomic work height without a forklift. The lift table has a half-inch lowered height to provide access for pallet jacks and carts, and is available in 2,000- to 4,000-pound capacities.

Hyundai Forklift's BTR-9 series of forklifts is now being distributed in North American markets. The three units in the series offer two- and three-stage masts to 236-inch lift, and load capacities of 2,200 to 3,300 pounds; a three-wheel design for central pivot turning in confined work spaces; and safety features including an anti-rollback system, and locking modes that prevent the lift from moving when a driver is not in the seat.

CALENDAR YOUR LOGISTICS DATEBOOK

MAR 17

Material Handling Institute
MODEX 2014
modexshow.com | Atlanta, Ga. | thru Mar. 20

AUDIENCE: Manufacturing, distribution, and supply chain professionals
FOCUS: Shipping trends affecting global supply chains, materials handling industry report, keynote speech by former Walmart CEO, materials handling exposition

MAR 17-19, 2014 Nashville, Tenn.
Transportation & Logistics Council, Inc.
40th Annual Transportation & Logistics Council Conference
tlcouncil.org

AUDIENCE: Transportation, logistics, and supply chain professionals
FOCUS: Contracting for logistics services, freight claims, transportation and logistics law, preventing cargo theft and loss

CONFERENCES

JAN 20-22, 2014 Atlanta, Ga.
SMC3
Jump Start 2014
smc3jumpstart.com

AUDIENCE: Shippers, carriers, third-party logistics providers, technology providers
FOCUS: Emerging shipping trends, NAFTA perceptions and realities, less-than-truckload procurement best practices, supply chain partnerships, contract law

JAN 29-30, 2014 Vancouver, B.C.
Informa Canada
Cargo Logistics Canada
edp.broad.msu.edu/events/16

AUDIENCE: Businesses trading with Canada
FOCUS: Mitigating outsourcing risk, driving supply chain change, NAFTA, cost of offshore sourcing

FEB 10-13, 2014 Las Vegas, Nev.
Reverse Logistics Association
RLA Conference & Expo
rltshows.com/vegas.php

AUDIENCE: Manufacturers, retailers, and third-party logistics providers
FOCUS: Food safety during transport, returns management strategies, asset management, streamlining warranty reverse logistics, minimizing repair costs

FEB 18-20, 2014 Charlotte, N.C.
Worldwide Business Research
ProcureCon Indirect East
procureconeast.wbresearch.com/about-us

AUDIENCE: Corporate procurement and purchasing executives, supply chain management professionals
FOCUS: Improving supplier relationships, integrating strategic suppliers into an organization, incorporating new technology tools, innovations in indirect procurement, maintaining procurement's visibility

MAR 5-7, 2014 Orlando, Fla.
Smithers Pira
Sustainability in Packaging
sustainability-in-packaging.com

AUDIENCE: Sustainability and packaging supply chain professionals
FOCUS: Trends in flexible packaging for better end-of-life scenarios, developments in fiber packaging, sustainable packaging sourcing security, extended producer responsibility

MAR 11-13, 2014 Los Angeles, Calif.
IATA
8th World Cargo Symposium
iata.org/WCS

AUDIENCE: Stakeholders in the air cargo supply chain
FOCUS: Air cargo industry trends, supply chain management, pharmaceutical management, operations and cargo handling, air cargo regulation, e-business

MAR 18-19, 2014 Atlanta, Ga.
Center for Innovation of Logistics
Sixth Annual Georgia Logistics Summit
georgialogistics.com

AUDIENCE: Transportation, logistics, and supply chain professionals
FOCUS: International logistics, manufacturing, serving international markets, tomorrow's supply chain

APR 27-30, 2014 Chicago, Ill.
Warehousing Education and Research Council
WERC 2014
werc.org

AUDIENCE: Warehousing, distribution, fulfillment, and logistics professionals
FOCUS: Annual *DC Measures* study, facility tours, warehousing industry trends, warehousing exposition

SEMINARS & WORKSHOPS

MAR 6-7, 2014 Cambridge, Mass.
MIT Sloan Executive Education
Future of Manufacturing
executive.mit.edu

AUDIENCE: Supply chain executives and managers, manufacturing executives
FOCUS: Analysis of supply chain management in view of global challenges; reducing supply chain risk exposure; risk and benefits of outsourcing, nearshoring, and reshoring

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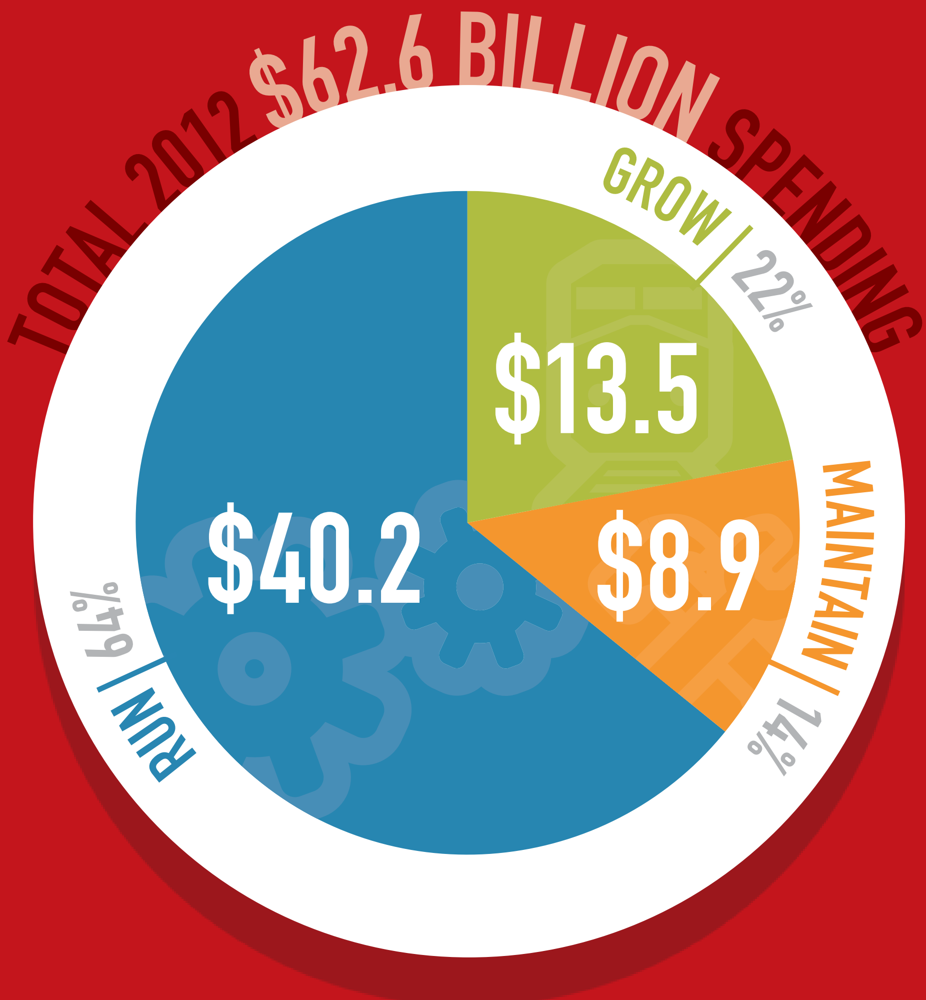
Tracking Rail Costs

In 2012, America's freight railroads spent $62.6 billion to run, maintain, and grow the country's 140,000-mile rail network. Fuel, wages and benefits, and rail/track materials are the largest expenses. Here's a closer look at where the money went.



COST BREAKDOWNS
(most to least expensive)

RUN

FUEL
$11.5 billion

WAGES & BENEFITS
$10.5 billion

TAXES
$7.6 billion

PURCHASED SERVICES
$5 billion

EQUIPMENT RENTALS
$3.1 billion

ALL OTHER
$2.1 billion

MAINTAIN

WAGES & BENEFITS
$3.3 billion

MATERIALS & SUPPLIES
$2.1 billion

PURCHASED SERVICES
$2 billion

TAXES
$600 million

EQUIPMENT RENTALS
$200 million

ALL OTHER
$600 million

GROW

RAIL/TRACK MATERIALS
$5.7 billion

LOCOMOTIVES/FREIGHT CARS
$3.6 billion

SIGNALS & BRIDGES
$1.7 billion

OTHER EQUIPMENT
$700 million

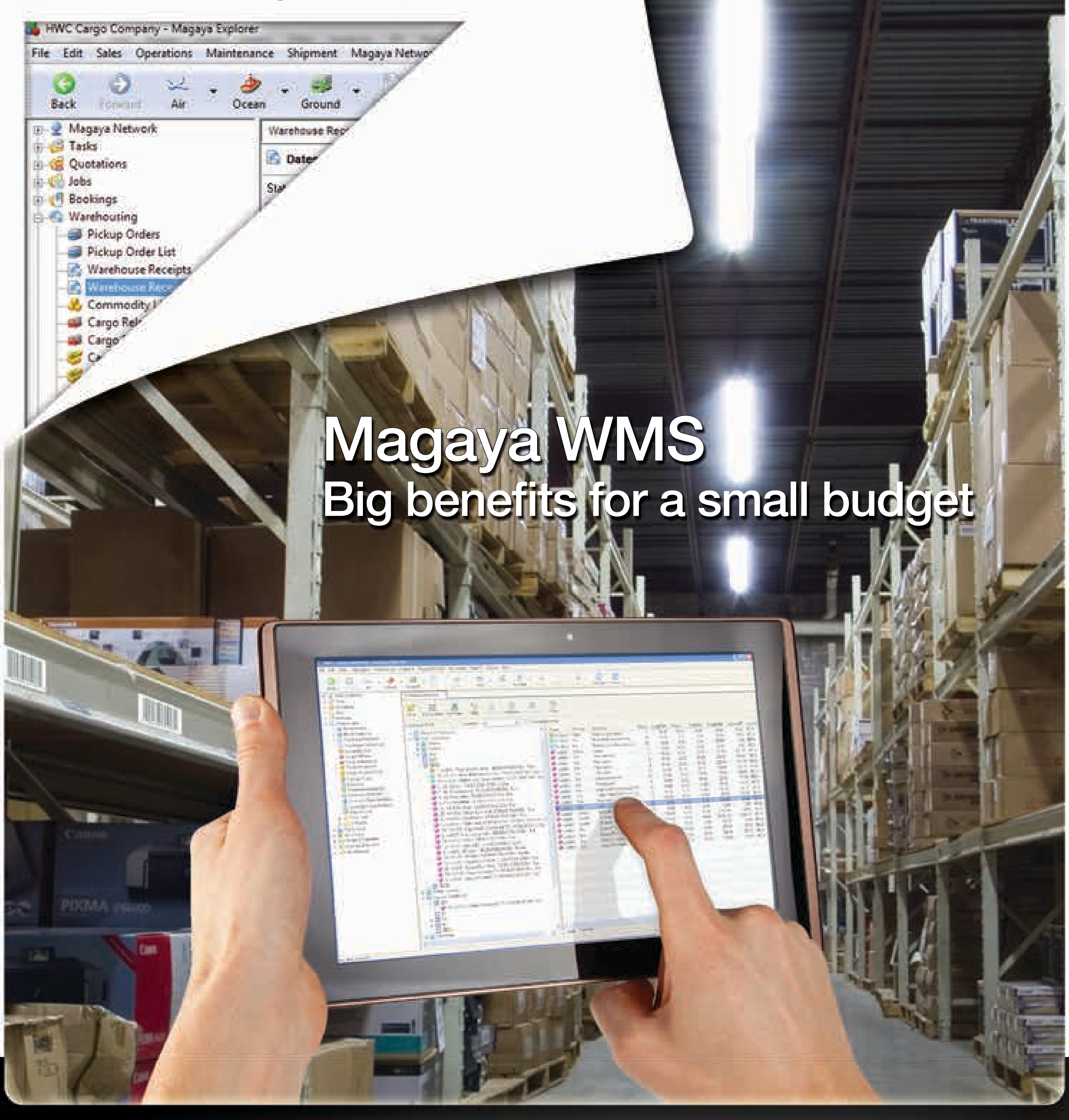
LAND
$100 million

ALL OTHER
$1.7 billion

Source: Association of American Railroads

Magaya

Warehouse Management System



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