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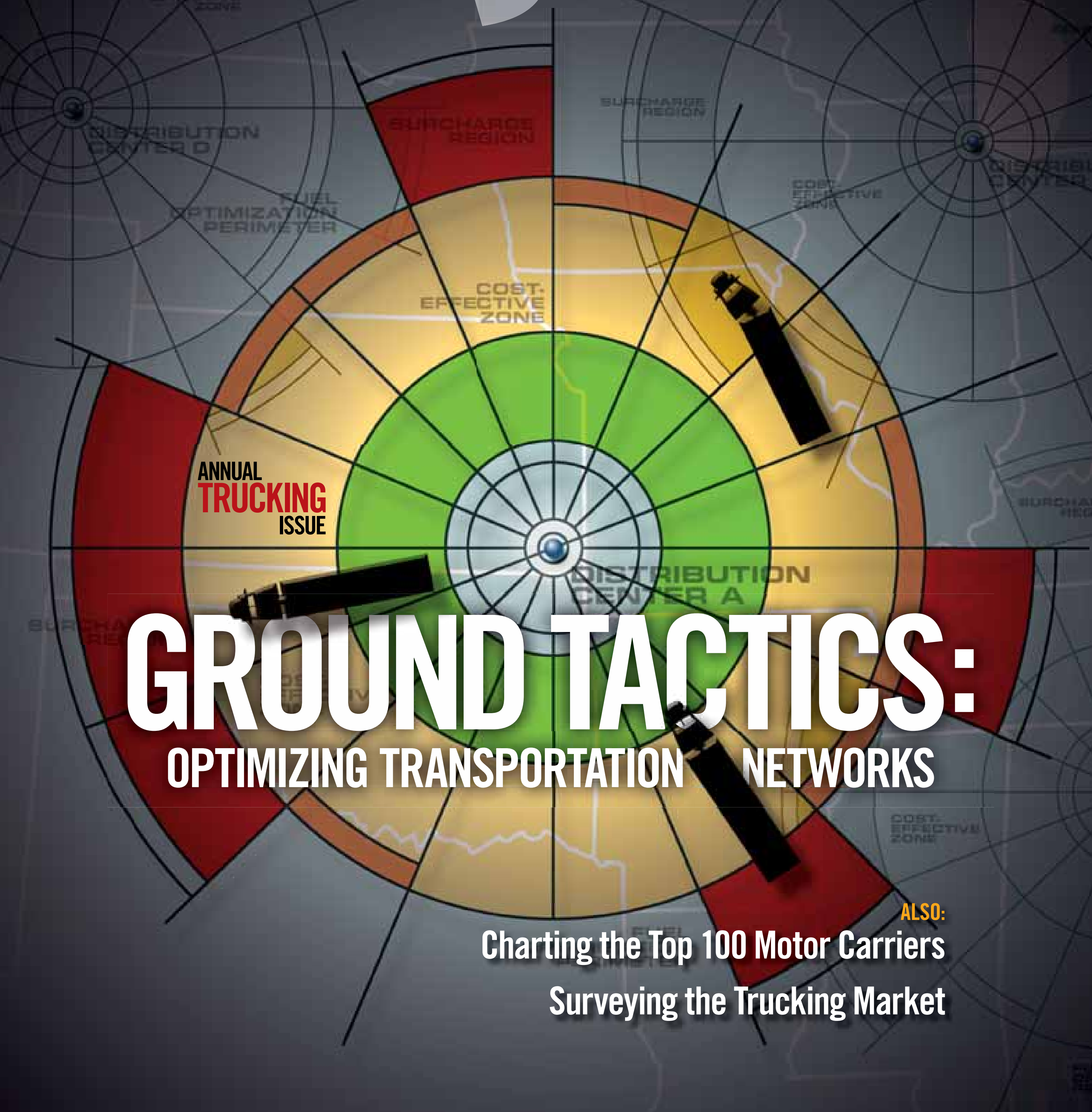


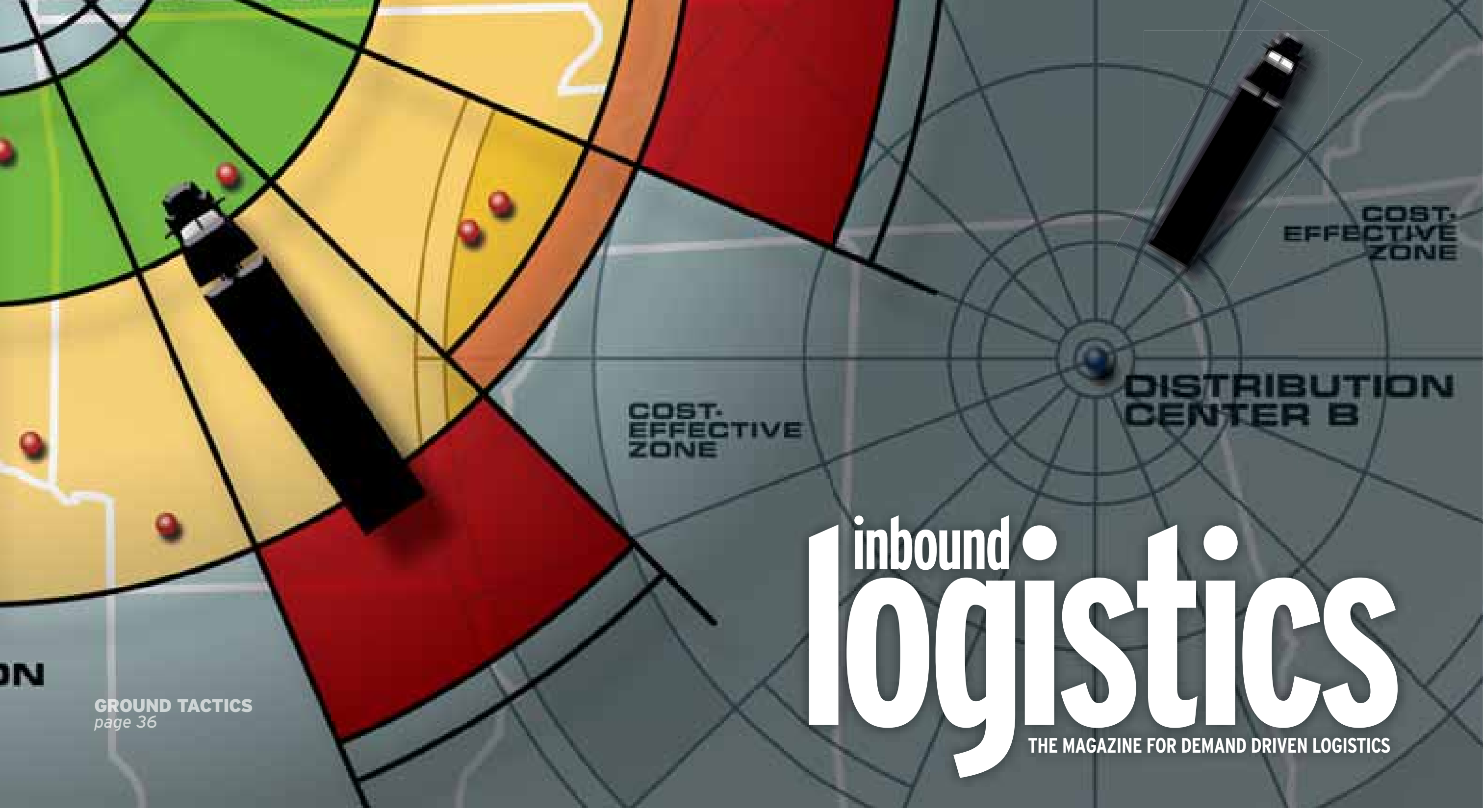
ANNUAL TRUCKING ISSUE

GROUND TACTICS:
OPTIMIZING TRANSPORTATION NETWORKS

ALSO:

Charting the Top 100 Motor Carriers

Surveying the Trucking Market



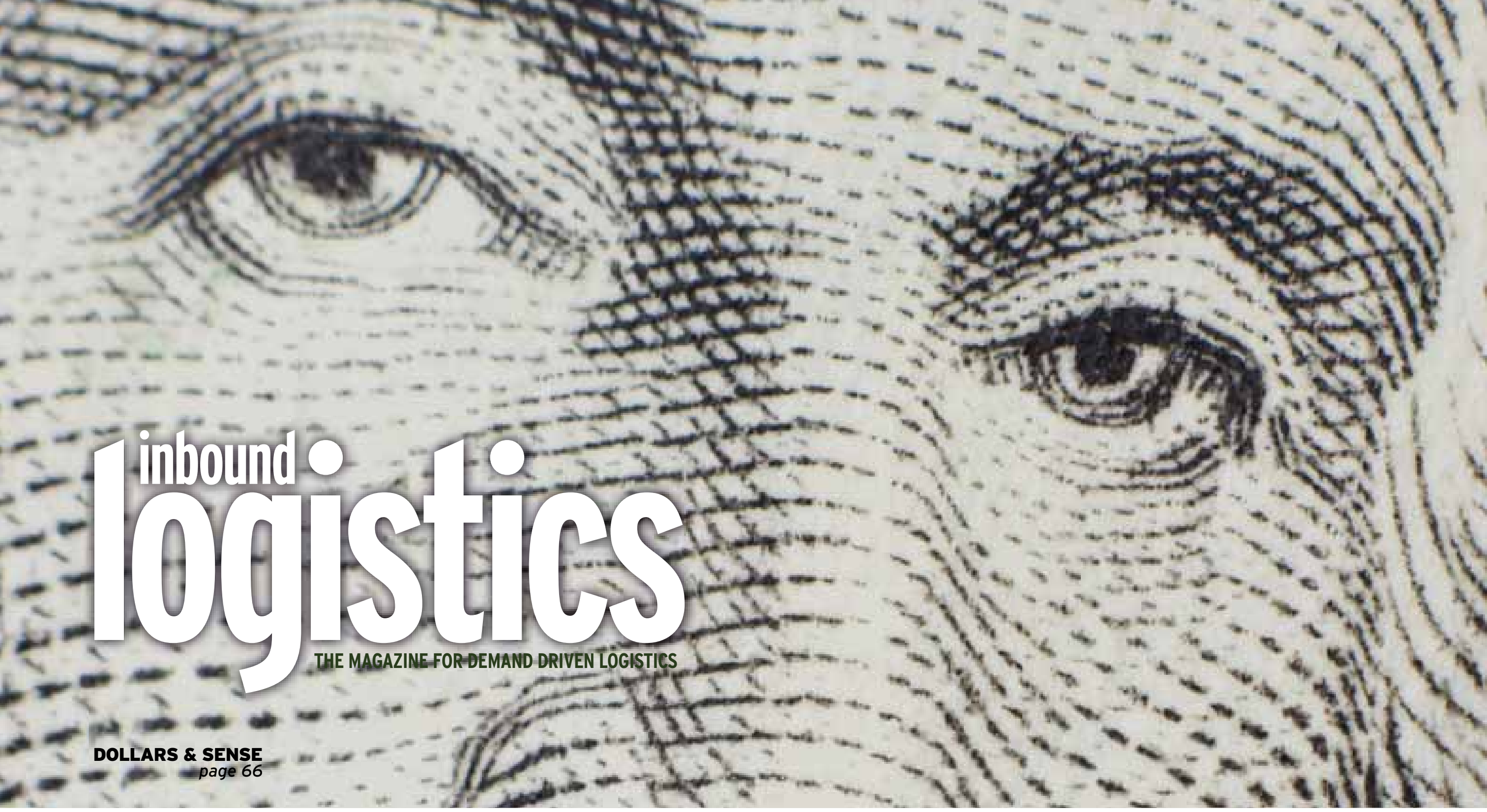
September 2008 • Vol. 28 • No. 9

INSIGHT

INFO

INPRACTICE

INDEPTH

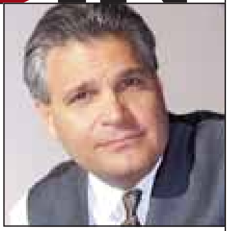


September 2008 • Vol. 28 • No. 9

INBRIEF

INDEPTH

CHECKINGIN



Keith Biondo

by Keith Biondo | **Publisher**

The Short Loop is Better

Suppose, for some unknown reason, the hot/cold water valves for your shower were installed in the basement, next to the water heater. When you wanted to take a shower, you'd have to go to the basement, turn the water on, then walk upstairs to the bathroom. If you needed to adjust the water temperature or flow, you'd have to get out of the shower, wrap a towel around you, and traipse back down to the basement, dripping water all the way. Having hot/cold valves at the water heater would be considered a long-loop control. Having them in the shower is a short-loop control. It's obviously silly to have the long-loop control in the shower, so why do we tolerate it in logistics?

In logistics, the flow of inbound product–like the water–starts far away, from across the country and around the world. If you don't practice demand-driven logistics, the controls regulating product flow are located at the point of origin.

Wouldn't it be better if your supply control loop was located exactly at the point of the demand flow instead of in another time zone, in a foreign language, and with someone else's hand on the control? Locating the hot/cold water valves in your shower instead of the basement, you could finely adjust the product flow to dovetail more efficiently with what customers buy from you.

Practicing demand-driven logistics gives you the ability to fine-tune your product flow exactly where the change signals emanate from. Selecting a carrier that can give you short-loop, pipeline control–exactly where you are, all the long way back to the supply origin–would be one way to do this.

Many carriers offer this level of visibility and control, not just across the country, but around the globe. This being our annual trucking issue, it's worth considering how you can engage carrier partners in a more intuitive way, leveraging their capabilities to gain better control of critical demand points all the way back to supply sources.

U.S. shippers and consignees are beginning to recognize that greater control over distribution loops–and in some cases, shortening these loops–goes a long way toward streamlining transport costs. Lisa Harrington's article, *Ground Tactics (page 36),* examines how companies optimize distribution networks to rationalize transportation movements and costs, and better meet customer demand.

In *Trucking Perspectives* (*page 45*), you can familiarize yourself with the many variables that comprise a demand-driven approach. Moreover, *IL*'s annual Top 100 Motor Carrier directory (*page* 56) serves up trucking companies that can deliver the goods *and* offer the premium services to help you better manage inbound movements.

If you don't have processes and partnerships in place to anticipate and mitigate supply chain changes at a moment's notice, variables are more likely to throw you for a loop, sending customer relationships and profits spiraling down the drain.

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DIALOG

LETTERS TO THE EDITO

AC/DC/SC Short Circuit

Fundamentally, what could be more natural? Comparing the invention maverick [Thomas Edison] with the man who revolutionized shipping [Malcom McLean] seems like a "no-brainer" *(see August 2008, Supply Chain Perspectives, Inventions Light the Way)*.

But when it comes to distribution, Thomas Edison short-circuited.

Edison didn't change the world with his power distribution–he pushed direct current (DC), which we use to power our appliances only. DC required local power generation because it could not be transmitted well and required many more wires to deliver varying voltages. Edison's competitor Nikola Tesla, who was the real wizard of electricity, pushed alternating current (AC), which made more sense for power distribution.

Nathaniel Engelsen,
CIO, Interstate Transport

Spinning 3PLs

I wanted to take this opportunity to send congratulations on the great July issue and to share a view on a recent development that doesn't square up, given all the good work the asset-based 3PL industry has made to position its value proposition.

The term third-party logistics provider was defined in recent Consumer Product Safety Legislation (H.R. 4040) as "a person who solely receives, holds, or otherwise transports a consumer product in the ordinary course of business but who does not take title to the product."

To me, this feels like a definition crafted by defense attorneys and is a step backwards. What should we call the structures that add value beyond this narrow definition?

John Nofsinger, CEO,
Material Handling Industry of America

SOUND OFF

IL invites you to **share your opinion on this new 3PL definition** for an upcoming article. Do you agree or disagree? How might potential legal ramifications impact a service provider's ability to meet your outsourcing demands? Does this deflate a 3PL's value proposition? Please email your comments to: editor@inboundlogistics.com

Giving Away Thanks...and Some Prizes

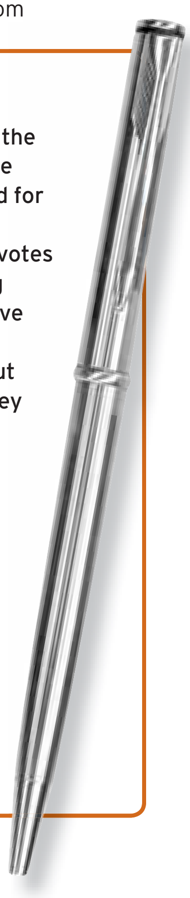
Every year, we ask you to tell us a little about your company and the services you specify, as well as to cast votes for logistics service providers you feel excel at what they do. The Top 10 3PLs you voted for were featured in our July 2008 issue.

Now it's time to thank you. We received a record-breaking 5,100 votes this year, including more than 2,000 write-in comments. In keeping with our annual tradition, we randomly selected 10 readers to receive prizes, including logistics reference books and gold Parker pens.

To vote for the top third-party logistics providers of 2009, and put yourself in the running for next year's prize, please fill out our survey online at **www.inboundlogistics.com/readsearch**

Many thanks to this year's prize recipients:

- **Steve Kapsner,** Vice President Logistics, Smithfield Foods
- **Tim Adamczyk,** Warehouse Manager, Perrigo Company
- **Bill Keefer,** Director of Distribution, Westlake Hardware
- **Eric Myers,** Manager of Logistics, Barilla America
- **Brenda Perry,** Shipping Clerk, National Refrigeration Company
- **Jason Hervey,** Sales Manager, Flying J
- **Scott Wheeler,** Director of Transportation, Ecolab
- **Alex Luczak,** Traffic Manager, Morton Salt
- **Francine Rice,** Inbound Manager, Philips Consumer Lifestyle
- **Jon Stiffler,** Director of Warehousing, Sara Lee




RUAN

10TIPS

STEP-BY-STEP SOLUTIONS

by Deborah Catalano Ruriani

Importing Food Safely

With recent incidents of food contamination making headline news, tracking the food supply chain has never been more important. Here are some tips on ensuring food import safety and accountability from Michael Lahar, food and drug administration team leader for A.N. Deringer Inc., a St. Alban's, Vt.-based third-party logistics provider.

1 **Verify your trading partners are registered with the FDA.** Every party that touches food products and dietary supplements intended for consumption in the U.S. marketplace, with the exception of carriers that have possession of the goods merely to facilitate transportation, must register with the Food & Drug Administration (FDA). Registering manufacturers/shippers, wholesalers, middlemen, third-party warehouses, and cold storage facilities allows the FDA to trace the product in the event of a recall.

2 **Know your manufacturer/shipper.** Make sure the names and addresses provided for FDA clearance match the names and addresses on file with the Food Facility Registration numbers. For products not originating in North America, this can be one of the biggest obstacles to obtaining timely release of your goods by the FDA.

3 **Provide a product description.** Use laymen's terms to describe your product on the clearance document, particularly when citing brand or trade names.

4 **Properly mark canned goods.** When importing Low Acid Canned Foods and Acidified Foods, you must declare the Federal Canning Establishment number to the FDA. Make sure clearance documentation prominently displays this number.

5 **Clearly mark Harmonized Tariff Schedule numbers.** Make sure the clearance paperwork shows an accurate U.S. Harmonized Tariff number. Consult with your U.S. customs broker to ensure that you are using the proper tariff number.

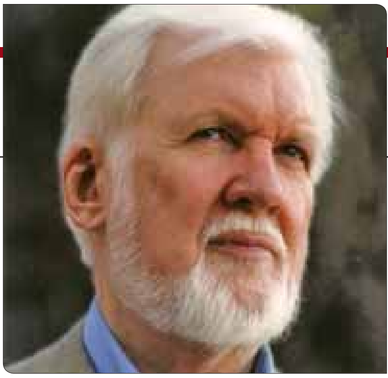
6 **Get familiar with the Bioterrorism Act (BTA) of 2002.** Most people importing and exporting food articles to and from the United States are familiar with the BTA's import requirements for food, but may not know it also covers dietary supplements. These are defined as any products that provide sustenance or nutritional value to humans or animals.

7 **Make sure the shipment documentation states the number and types of packaging.** When reporting quantities to the FDA, your agent will provide a "base unit" of weight or volume. The documentation must also detail the type of material comprising the packaging touching the product, as well as the preservation method used to package the goods.

8 **Include the FDA product code on clearance documents.** The product code gives the FDA and your service providers information about the goods being imported.

9 **Make sure the paperwork provided is legible and complete.** The misinterpretation of one number or letter could delay clearing your goods.

10 **Seek advice in advance.** Ask your agent or broker questions before products ship. Keep communication lines open and provide emergency contact numbers. This step can prevent delivery delays, storage and warehousing charges, angry clients, and unnecessary inspections and detentions. ■



[SCPERSPECTIVES]

BY ROBERT A. MALONE
Contributing Editor, Inbound Logistics
RMalone@inboundlogistics.com

Keeping Our Heads Above Water

Intelligent planning, combined with executing a global supply chain based on accurate data, could mitigate the problem of inequitable water distribution.

Water is one of the world's biggest challenges. There is plenty of it, but it is often in the wrong place (favored industrialized nations), at the wrong time (a hurricane or flood), and in the wrong form (polluted or invaded by salt). Poor logistics, supply chain, and financial management, with some political issues thrown in, further complicate the problem.

U.S. citizens use an average of 380 liters of water daily; Germany uses 129 liters daily, while developing countries use up to 30 liters. Can countries like the United States use less water, or at least find the means to share more?

Worldwide, every person needs more than two quarts of drinkable water daily, which equals 11 billion liters. Industrialized nations with a smaller percentage of the world's population use more than non-industrialized with far larger populations. Global water consumption is still increasing but the sources are diminishing. We are reaching a breaking point.

An estimated nine children die every minute from water-related issues such as dehydration, cholera, typhoid, and diarrhea. The highest-risk countries are located in Africa, Asia, and Central and South America. This widespread water problem will wear away people and societies one drop at a time.

One solution to more equally distributing water around the world is creating a better set of global supply chains with data that can be checked without political intervention. Organizing a plan to deliver water by truck, boat, or pipeline is premature if the data is faulty.

We also need to examine the paradox surrounding the cost and delivery of liquids. For instance, people in an average U.S. city pay about $4 a gallon for gasoline; truckers pay $5 a gallon for diesel. The average cost of bottled water is $6 a gallon. Bottled water and at-the-pump gas have significantly different supply chains. Why?

The following series of steps is a start to addressing the water problem.

1. Find out how much water is available in each country.

2. Determine what resources are available in each country.

3. Identify the barriers to delivering water and increasing water use.

4. Map out how water is delivered to each area, and by what means.

5. Select the water delivery method that makes the most sense based on location–pipeline, truck, or a combination.

6. Find and repair existing natural aquifers worldwide.

7. Develop a sustainable set of supply chains that provides potable water to those most in need.

8. Create sustainable funding and maintenance of these supply chains.

9. Locate people who can create water technology, study hydrology, and plan continuous water resource measurements globally.

10. Find a way to fund water research globally.

11. Study desalination, bottled water distribution, and recycling.

12. Develop water conservation through intelligent control of industrial and consumer pollution, and recycling omissions.

13. Study the use of empty containers moving back to China. Could they deliver water?

14. Assemble a team of supply chain experts to plan and execute the use of existing businesses and services that already distribute water.

Then sit back, enjoy a bottle of water or Snapple, and relax. ■

READER

PROFILE

by Merrill Douglas

POINT A TO POINT B

NAME: **Steve Schad**

TITLE: Vice president of supply chain operations, since 2006

COMPANY: TomTom Inc., Concord, Mass.

PREVIOUS EXPERIENCE: Director of general international area, Digital Equipment Corp.; vice president of services supply chain, Asia-Pacific, Compaq Computer; vice president of Europe, Middle East, and Africa supply chain, Hewlett-Packard

EDUCATION: BS, business management, Lesley College, 1992

Navigating a Career in Supply Chain Management

As a college student studying business management, Steve Schad thought a lot about links, but not the ones in the supply chain. "I thought I'd be on the PGA tour," says this avid golfer. "But that didn't work out."

What did work out was a 30-year career in supply chain management and operations. And for a man whose career has propelled him around the world, what better place to end up than at a company that helps drivers navigate all over the map? Schad is vice president of supply chain operations at TomTom Inc., a leading vendor of personal navigation systems and software.

Schad has been managing electronics since his first job at Digital Equipment Corp., where he started out expediting parts to locations that urgently needed them. "I would source the parts, procure them, then deliver them," he says. "I often drove around with parts in my car trunk."

At TomTom Inc., the unit of Amsterdam-based TomTom NV that covers the United States and Canada, Schad is responsible for supply chain, order administration, customer support, and information technology. "I manage the operations process end to end," he says.

Schad's biggest supply chain challenge is bringing in just the right volume of product from factories. "We're currently in a hot, growing market," he says. "So I'm constantly balancing inventory with supply. I'm responsible for forecasting and managing materials from the Far East to the customer's hands."

With Schad managing inbound transportation, TomTom ships product to a warehouse in Texas operated by a third-party logistics provider. The 3PL packages the basic navigation units with peripherals such as power adapters and

The Big Questions

What do you do when you're not at work?
I'm family-oriented and love working around the house. I also play golf, although not as much as I'd like.

Ideal dinner companion?
My father, who passed away in December.

What's in your briefcase?
My passport, business cards, calculator, work papers, family photos, and index cards.

If you didn't work in supply chain management, what would be your dream job?
To travel around the world as part of an organization that helps underprivileged people.

Your idea of a successful day?
First, when our customer service organization has a good day, because that means our customers are happy. Second, when I get an end-of-day report that all deliveries are made, which means our other customers – the retailers – got their product on time.

printed instructions. Schad's team then handles retailer orders and outbound transportation. "We manage shipments to the point where the retailer receives and signs for it," he says.

He's also in charge of the returned merchandise authorization process and reverse logistics, as well as the sale of refurbished units into the secondary market.

Schad points to one large source of pride in his job: This year, J.D. Power and Associates' Certified Call Center Program recognized TomTom's call center operation for excellence in customer satisfaction.

Throughout his career, Schad has dealt with hurricanes, cargo that disappeared when a ship sank, and a variety of other crises. In a past job, a memorable crisis arose as he worked to keep a commitment to deliver a popular product to customers on a Monday morning after the hardware arrived at the distribution center completely devoid of software.

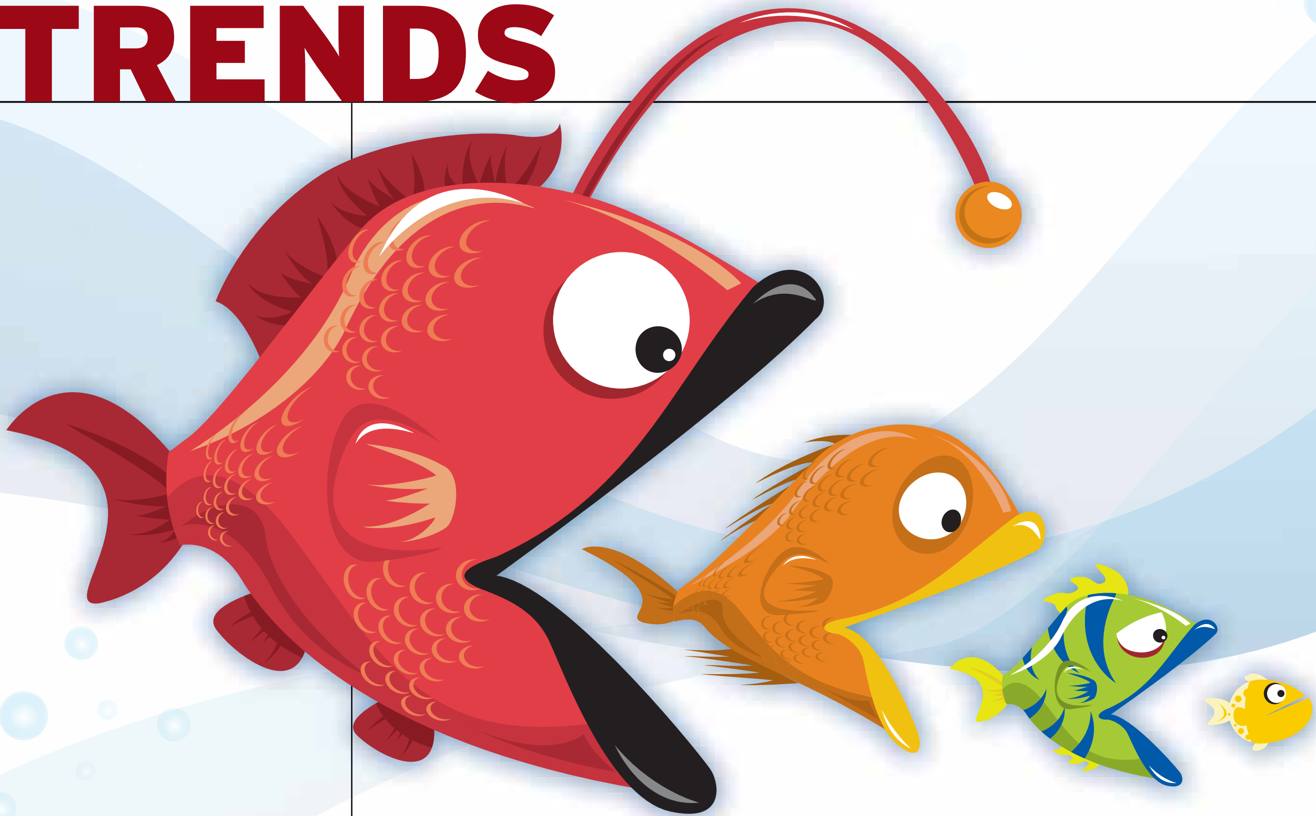
"I had to rally the troops – the people who worked for me and even people from other organizations – to drive to the warehouse and set up an assembly line on picnic tables," Schad recalls.

A group worked over the weekend to upload the software into every unit's memory. "We shipped Sunday night, and met the promised commitment on Monday," he says.

That story aptly illustrates one of Schad's favorite mottos: "We can do this." When faced with a challenge, the easy way out is to say it just can't be overcome, he explains. But staying ahead in a competitive market demands a more positive response.

"I have to be the leader for my team in saying, 'we can,' even when I don't know how," Schad says. "I don't always have all the answers, but it's a spirit I try to live by." ■

TRENDS



EXCLUSIVE: JDA SOFTWARE SWALLOWS i2 TECHNOLOGIES

Big Pond, Fewer Fish

by Ian Hobkirk

How will JDA's acquisition of i2 impact technology buyers? *IL* invites an industry analyst to cast some insight.

On Aug. 10, 2008, JDA Software signed a definitive agreement to acquire i2 Technologies for approximately $346 million, uniting two key rivals in the transportation management system (TMS) space. While the implications for current customers won't become manifest until JDA releases its much-anticipated product roadmap, it is clear that the situation for mid-sized companies seeking affordable TMS just improved significantly.

In the late 1990s and early 2000s, i2 and Manugistics were the two giants in the supply chain planning and transportation management software market, fighting it out in the heyday of the tech bubble when globalization was an emerging concept. But when Manugistics fell behind technologically and was acquired by JDA in 2006, i2 and Oracle assumed the dominant role as TMS providers for large, global companies seeking greater control of logistics costs. This field has once again contracted.

Transportation management is only a portion of what these two supply chain giants offer–both companies provide strong supply chain planning, demand management, and retail planning products–but in today's business climate, containing transportation costs is a key initiative for many shippers.

It remains to be seen what JDA's strategy will be going forward. JDA says the merger will allow it to leverage each company's key strengths in a single offering, with JDA

CONTINUED FROM PAGE 14

Simon Says

_IL_ baited Manufacturing Insights' Simon Ellis to assess how JDA Software's prize i2 catch will reshape the technology landscape.

_IL_: What should existing i2 and JDA customers make of this news?

Ellis: There is no need to panic, but thinking through the alternatives and having contingency actions ready is wise. Once you understand your plan, monitor JDA's progress toward the integrated decision environment. If you don't see that progress, the safer and more logical route is to put your money with SAP or Oracle. For companies requiring industry-specific capabilities, JDA will have to show it can improve its product along a number of vertical paths.

_IL_: To what extent does continuing consolidation within the segment change how smaller, best-of-breed IT vendors pursue new customers?

Ellis: Opportunities still exist for best-of-breed vendors, particularly those with either a specific industry focus or high level of narrow functional expertise. While end users increasingly express concern about ease of integration, the reality is that in many areas best-of-breed vendors still hold significant functional advantages.

The evolution of service-oriented architecture makes integration among different vendors easier. And the rapidly expanding global nature of supply chains, combined with massive energy cost increases, has restored some sensible balance to the need for advanced functionality and visibility. The likes of SAP and Oracle have significantly closed the functionality gap in recent years, so the long-term survivability of small, best-of-breed vendors will depend upon their ability to retain industry-specific distinctions.

SIMON ELLIS leads the supply chain strategies practice at Framingham, Mass.-based Manufacturing Insights.

_IL_: How does this new supply chain application megalith frame the existing rivalry between SAP and Oracle?

Ellis: Application vendors can be in one of three places: scale, niche, or in the middle. Scale vendors such as SAP and Oracle offer strong functionality, broad industry appeal, and the benefits of enormous scope and market traction. Niche vendors have the laser focus of specific functionality with narrow industry appeal and the ability to be agile and responsive. Sitting in the middle, without SAP/Oracle scale, can be a dangerous place and will require JDA/Manugistics/i2 to be very clear about where it focuses future strategic investments.

The consolidation of one-time market leaders Manugistics and i2 may provide a viable alternative to the SAP/Oracle duopoly. But JDA will have to show a commitment to spending development dollars to maintain functional advantages, and marketing dollars to stretch beyond its retail comfort zone. The avenue to success may be in presenting a complete collaborative decision environment for the supply chain domain–from strategic to tactical to operational decisions–all integrated for complete closed-loop performance control. The technology enabler may be in a combination of product platforms–process mapping from i2, scalable data handling from Manugistics, and advanced analytics from the JDA legacy.

addressing retailers, the old Manugistics portfolio covering process manufacturing, and i2's applications oriented to discrete manufacturing. Talk to industry analysts, however, and the distinctions among the three companies are not so clear.

"There is significant overlap between JDA's offerings and those of Manugistics and i2; for example, both provide strong TMS products," says Nari Viswanathan, research director for The Aberdeen Group's supply chain planning practice. "The question remains whether JDA will follow the path of companies such as Infor that have maintained separate products for specific vertical industries, or if it will eventually provide a single retail and manufacturing platform."

No company wants to be stranded on a platform that is no longer enhanced, which raises a red flag for current users.

While JDA competitors would not go on record, they do express concern about users having to migrate to a new platform if their existing one is no longer being enhanced. "When users are forced to migrate to a new platform, the developer can only do so much to mitigate the pain," says one product manager. "Licensing pain may go away, but re-implementation pain does not."

"Even when some enhanced functionality might be available, most companies prefer to keep the application they have," says John Fontanella, vice president of research for AMR. "The cost of switching is just too high."

JDA CEO Hamish Brewer offered a glimpse into the company's plan during an investor call after the i2 acquisition announcement. "Our goal will be to create one comprehensive offering that we can deliver across the entire manufacturing market," he said. "We're not going to look at it as two distinct solution offerings."

Companies should not draw any conclusions before the roadmap is rolled out, cautions Larry Ferrere, JDA's chief marketing officer. "JDA has a strong record of supporting and enhancing parallel products simultaneously when it makes

CONTINUED FROM PAGE 16

sense," he notes.

As an example, Ferrere cites E3 and Manugistics' demand management applications, both of which were acquired by JDA. They have overlapping functionality, are actively sold and used, and are still on an enhancement track.

Mid-sized companies seeking a TMS solution will likely benefit from this merger. LeanLogistics, MercuryGate, Sterling Commerce, and Transplace currently dominate the market, and all offer a rapidly deployable product on a Software-as-a-Service (SaaS) platform. i2's *FreightMatrix* product line is also SaaS-based, providing the international transportation management functionality that many players lack.

"On-demand TMS projects are our fastest growing area of business," says Razat Guarav, vice president, global transportation and distribution group for i2 Technologies. "We see growing demand for this offering from both large and mid-market shippers and third-party logistics companies globally."

"Customers should lobby JDA heavily to enhance and innovate the platform they are using – and do that lobbying now. **JDA's promised roadmap is due in the next two months** and pressure from large corporate users may influence the path the company chooses."

– Ian Hobkirk

JDA, which uses both direct sales and re-seller partnerships, claims many more mid-sized clients than i2, but until now, JDA has not had a SaaS-based TMS to offer them. So here may be an excellent marriage between a company with a product, and one with access to a key market segment.

Current customers are reluctant to comment on the record about how the merger may affect them, but two large JDA clients say they see the merger as a means to access a broader suite of applications without the interoperability issues that can occur when working with multiple vendors.

Another source notes that regardless of whether a company is using one or the other's applications, they should lobby JDA heavily to continue to enhance and innovate the platforms they're using–and do that lobbying now. JDA's promised roadmap is due in the next two months and pressure from large corporate users may influence the path the company chooses.

The merger will benefit both mid-market and large companies, provided JDA doesn't aggressively push users down a migration path that may not be to their liking. And there's no indication that this will happen. "JDA did exactly what it said it would do when it acquired Manugistics," says AMR's Fontanella, "so I'll give it the benefit of the doubt that it'll do the same thing this time, too."

–Ian Hobkirk is director of supply chain consulting for FORTE, a supply chain facilities and systems provider based in Mason, Ohio.

CONTINUED FROM PAGE 18

Risky Business

If you don't think it can happen to your company, duck, then cover your assets. Despite a seemingly endless string of product recalls, natural disasters, labor strikes, and other contingency cues, businesses are still vulnerable to potential supply chain mishaps. Ninety-nine percent of companies experienced a supply chain disruption during the past year and 58 percent suffered financial losses as a result of those exceptions, according to a recent survey of best-in-class companies across all major industries conducted by Boston-based think tank The Aberdeen Group.

Among the most frequent supply chain disruptions identified in Aberdeen's study:

56% Supplier capacity not meeting demand

49% Raw materials price increase/shortage

45% Unexpected changes in customer demand

39% Shipment delayed/damaged/misdirected

Faced with longer supply lines and shorter customer leashes, companies need to consider risk factors that cover the entire length of the supply chain, including source countries, suppliers, congestion and capacity, fuel price, and non-environmental catastrophic events, the report indicates.

Packaging a Punch

From small package redesigns that use lighter-weight materials with little visible change to major overhauls that introduce new items to store shelves, consumer goods companies are unwrapping new ways to capture consumer attention while towing the green line–all in an effort to keep inventory moving and sales rising.

Georgia-Pacific, for example, recently introduced a major package redesign of its Dixie PerfecTouch Grab 'N Go insulated 12-ounce paper cups. Traditionally, stacked paper cups are wrapped in a polyurethane bag with little room for branding or graphics to grab the customer's attention. In stores, this form of packaging is typically found on the very top or bottom shelves, out of the prime viewing area.

To enhance the shelf appeal of its Dixie cups, Georgia-Pacific redesigned the package to include a paperboard carton that provides more room for brand marketing. The box's rectangular footprint also allows for neater stacking on store shelves and in transit.

Georgia-Pacific is rethinking packaging with sustainability and efficiency in mind.

Beyond designing its own innovative product packaging, Georgia-Pacific is helping customers meet their own sustainability and profitability goals with its Packaging Systems Optimization (PSO) program.

The PSO effort entails a five-step process in which a team of packaging engineers analyzes a company's entire packaging supply chain. The PSO team then delivers a detailed report outlining areas where cost savings, profitability, and sustainability can be mutually achieved.

In concert with its PSO program, Georgia-Pacific's Innovation Institute simulates retail and packaging environments, allowing customers to experience sustainable innovation and novel package design solutions in action. By leveraging these resources, users can identify and reduce supply chain costs, increase shelf velocity, and measure sustainability factors.

Show Me the Manufacturing!

True to its nickname, Missouri is putting its best foot forward as a major target for manufacturing and logistics activity, according to the *2008 National Manufacturing and Logistics Report Card* by Ball State University's Bureau of Business Research.

In addition to ranking first among the 50 states, the Show-Me state earned stellar grades for research and development efforts as well as relatively low long-term health care costs and health insurance premiums. High marks also went to Utah, Florida, Alabama, South Dakota, and Indiana; at the other end of the grade curve, New York, Kentucky, New Jersey, Vermont, Rhode Island, Maine, and West Virginia received an "F."

The report card grades states in 19 categories including property, sales, and corporate taxes; unemployment insurance; crime; manufacturing share of the economy; and foreign direct investment. By and large, manufacturing and logistics industries across the country are growing despite a general belief to the contrary.

American manufacturers enjoyed a record year in 2007, with inflation-adjusted values higher than in any previous year, according to Ball State University's corresponding *2008 State of the Industry* report. Nationally, production growth continues to follow a robust path, and even as the U.S. economy began slowing in the final quarter of 2007, industrial production rose at a rate of 2.8 percent. ■

GLOBAL LOGISTICS

by Joseph O'Reilly

Mexico is FedEx Express' latest next-day delivery conquest after successful ventures in China, India, and the United Kingdom.

Mexico's Great FedExpectations

Building on successful efforts in China, India, and the United Kingdom, FedEx Express is introducing its first domestic offering in Latin America–*FedEx Express Nacional*. The new service, which debuts Oct. 6, 2008, provides domestic next-business-day shipping, online tracking and tracing, and a money-back guarantee to businesses across Mexico.

"Adding domestic service to our portfolio of international products increases our ability to further facilitate commerce for shippers doing business in Mexico, demonstrating our continued commitment to the market and our confidence in its future growth," says Juan N. Cento, president of FedEx Express, Latin America and Caribbean division.

The launch of a next-day shipping solution comes as Mexico's government continues its efforts to invest capital in the country's developing transportation infrastructure and soaring fuel costs force U.S. businesses to consider sourcing options closer to home.

FedEx's commitment to Mexico's long-term potential should act as a major incentive for U.S. businesses exploring the country's maquiladora sector for manufacturing and sourcing activities and an expanding consumer market for new sell-in opportunities.

For Mexico's nebulous transportation and logistics sector, FedEx's cachet and experience, coupled with speed and service expectations, may stimulate a sea-change in how businesses move product–creating critical mass and leveling standards between the United States and Mexico.

CONTINUED FROM PAGE 22

Air Traffic Quality Control

The forecast for global airfreight transportation is markedly clearer with a chance of increasing visibility, thanks to an innovative program spearheaded by the International Air Transport Association (IATA) and growing reception from shippers and service providers alike.

Fraport, which operates Frankfurt International Airport, is the newest member and first airport operator to join IATA's Cargo 2000 quality system, an initiative involving approximately 60 airlines, forwarders, general handling agents, and information technology providers.

Cargo 2000 is a worldwide uniform management system that measures the quality of the entire transport chain. The program helps air cargo carriers and handlers re-engineer and streamline transportation processes from shipper to consignee. Members use a common data management platform (CDMP) to aggregate and integrate individual information elements into unified quality reports. Partners can access the same data so that internal process improvements are jointly implemented, especially at interfaces linking partners.

The program offers transparency of quality control data for the entire airfreight industry and ensures ongoing service improvements for cargo customers. In addition, continuous quality optimization allows airfreight shippers to further reduce costs and increase revenues.

The quality program is being implemented in three phases:

- **Phase 1** includes airport-to-airport movements and manages shipment planning and tracking at the master air waybill level. Once a booking is made, a plan is automatically created with a series of checkpoints against which the transportation of every air cargo shipment is managed and measured.
- **Phase 2** manages shipment planning and tracking at the house air waybill level and provides interactive monitoring of door-to-door movement.
- **Phase 3** manages shipment planning and tracking at the individual piece level, plus document tracking.

Cargo 2000 first published performance data in May 2005. At that time, it measured 148,795 route maps. In June 2008, it measured almost 1.05 million route maps system-wide.

Cargo 2000 Appeal

Increasingly, airfreight shippers are selecting Cargo 2000-compliant companies as their preferred partners to help optimize supply chains in two ways:

1. GROW REVENUE

- Enhance client retention and growth through improved service
- Increase new business based on "preferred supplier" status provided by quality performance backed by reliable data

2. REDUCE OPERATIONAL COSTS

- Decrease time spent manually tracking and tracing shipments and managing exceptions
- Increase quality of warehouse and trucking operations because of standardized processes and fewer failures
- Facilitate the shift toward paperless shipping management
- Reduce claims

▲ Frankfurt Airport

Crossing Over, Easier

The state governments of the United States and Mexico are working together to devise new protocols for reducing transit times and increasing security that will facilitate commercial traffic across the border.

The joint declaration is the result of collaborative efforts by the Logistics and International Crossings Worktable, a bi-national group of government officials from 10 border states: California, Arizona, New Mexico, and Texas from the United States; and the Mexican states of Baja California, Chihuahua, Coahuila, Nuevo Leon, Sonora, and Tamaulipas.

The Logistics and International Crossings Work Table supports enhanced communications, coordination, and consensus building among the 10 states, encouraging investment in modern and efficient infrastructure at ports of entry to strengthen commercial exchange.

The consortium has proposed three recommendations to help streamline cross-border cargo movements:

1. Support U.S. Customs and Border

CONTINUED FROM PAGE 24

Protection's efforts to obtain funding for additional border crossing inspectors and, along with Mexico's Institute of Migration, use available funding to immediately fill inspector vacancies at land ports of entry along the U.S.-Mexico border. The consortium has also recommended that both agencies consider current and future staffing needs for expanded hours of operation, peak hours, double-stacked inspection booths, and additional port projects.

2. Reduce border wait times substantially by 2013, and complete bi-national state-to-state regional border master plans among the 10 states within three years. The plans will facilitate regional and infrastructure planning and strategic resource allocation in the U.S.-Mexico border region.

3. Support border states' requests for a presidential permit for international crossings, such as the Otay Mesa East Port of Entry in San Diego County, which uses alternative financing mechanisms to help minimize border wait times.

Cold Front Blows Into India

Shippers moving perishable goods from Asia to the United States may find themselves rerouting shipments through India's newest transportation gem, Hyderabad International Airport. Situated within two hours' flying time of all major cities in India and three to five hours from all Southeast Asian countries, the recently opened facility expedites perishable cargo movements within India and connects Southeast Asia, the Middle East, Europe, and the United States.

The airport's Center for Perishable Cargo (CPC), currently under the first phase of construction, will be able to accommodate 16,000 tons of perishable cargo per year. Capacity will expand to 27,000 tons when the second phase of development is completed by 2015.

As the established hub for India's pharmaceutical and biological industry, and with more than 3,000 tons of import/export cargo expected annually, Hyderabad's CPC should draw strong demand from research, electronics, and defense industries that require low-temperature storage.

Elsewhere, the airport's cargo complex is building out infrastructure to increase cargo-handling capacity to more than 1.3 million tons. Ongoing development of a cargo logistics center will provide a fully integrated domestic and global facility for freighter operators, freight forwarders, regulatory agencies, and shippers.

China's Port Boom Swings Full Speed Ahead

China's infrastructure boom is in full swing as efforts to expand cargo-handling capacity throughout the country continue at a robust pace and global shipping enterprises dig in for the long term.

One example: The CMA CGM Group, a Marseille, France-based container shipping company, recently signed a 50-year concession agreement to build and operate a container terminal at the Port of Tianjin in North China. The new terminal, which is expected to be operational in 2011, will feature a 3,600-foot quay and annual throughput capacity of 1.7 million TEUs.

Located less than 100 miles from Beijing in the Binhai industrial zone, Tianjin is the natural maritime link to the Chinese capital. The port currently ranks 16th in the world in container

CONTINUED FROM PAGE 26

traffic, handling more than 7.1 million TEUs in 2007, a 19-percent increase over 2006. So far in 2008, volumes have grown 22 percent.

CMA CGM also maintains a presence at the Chinese port of Xiamen and has acquired interests in China Rail Intermodal–a project to design, build, and manage a network of 18 railway container stations covering the entire Chinese territory, including Tianjin. This latest investment secures its strategic base in Tianjin, which is poised to support continuing industrial growth in northern China.

Labor Daze

Labor strife across the globe may give U.S. businesses pause as they consider both potential sourcing locations and supply chain contingency plans.

A week-long transport workers' strike in Pakistan recently bottle-necked roads with cargo-laden trucks, left ports full of import cargo, and had ships leaving port without loading export shipments. Workers were demanding a cut in diesel prices in line with world oil prices, compensation against vehicles lost in last December's riots, and a reduction in motor vehicle taxes.

As a result of the strike, local businesses lost export contracts because of missed deadlines, letters of credit expired as export cargo sat on roads and at ports awaiting entry, and many exporters were forced to air freight cargo to meet delivery obligations, according to The Karachi Chamber of Commerce and Industry.

Elsewhere globally, South Africa's transport sector recently came to a full halt as the Congress of South African Trade Unions took to the streets to protest soaring food, fuel, and electricity prices.

The day-long strike paralyzed the transport, mining, manufacturing, and retail sectors, though adequate warning enabled industries and businesses to take steps to minimize its economic impact. ■

Building a Bridge to China

As yet another example of U.S. motor freight carriers expanding their networks and value propositions to stateside shippers beyond borders, **YRC Logistics recently acquired Shanghai Jiayu Logistics Co., one of the largest truckload and less-than-truckload service providers in China**. The agreement strengthens YRC's position as a global trucker, and helps it capitalize on increasing demand for experienced and capable trucking services in an established manufacturing market and emerging consumer economy, diversify operational interests in light of a sluggish domestic market, and provide U.S. consignees with an end-to-end supply chain solution.

With more than 30,000 customers, 1,800 employees, 200 locations, and a network served by 3,000 vehicles, Jiayu provides a complementary platform for YRC Worldwide to support the needs of both local Chinese customers and large multinational companies with transportation requirements in China.

U.S. shippers and consignees will benefit from having a one-stop, on-the-ground partner in China and the United States that can seamlessly connect point-of-origin and last-mile delivery requirements.

Bill Zollars *(left)*, president and CEO of YRC Worldwide, seals the deal with Zhai Guoliang, general manager of Shanghai Jiayu Logistics Co.

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3PL LINE

by Kyle Alexander

Cultivating Healthy Carrier Relationships

Developing robust relationships with your carriers can be challenging, but it's essential to establishing well-defined expectations. Capacity shortages and other carrier-related service issues will inevitably occur, so you and your carriers must work together to sustain a mutually beneficial relationship when times get tough.

The following best practices can help you maximize value within your strategic carrier relationships.

1. Establish trust and credibility with carriers. This will not happen overnight, nor will it happen with all carriers and service providers. The key is to identify and align yourself with carriers whose cultural values closely match those of your organization. You can then reinforce these relationships through reliable volumes, open communication, and opportunity development.

2. Communicate specific expectations. Conveying your strategic requirements to the carrier's executive leadership and operations team will develop a collaborative atmosphere. Carriers often respond favorably and will build unique service offerings for valued shippers or share solutions they have developed with other clients.

3. Reward outstanding performance and enforce established expectations. The carrier should know what you consider a service failure or outstanding performance, as well as the respective penalty and reward. It is no longer enough to enforce service performance with punitive measures and a paycheck. You can set your company apart with a set of unique, credible benefits and rewards for excellent performance.

4. Measure service parameters through agreed-upon metrics. Using a standardized scorecard for carriers helps align their goals with your requirements such as on-time delivery/pickup, invoice accuracy, and order automation statistics. In addition, obtaining feedback on how carriers feel about their relationships and opportunities with your company can uncover areas where you can become more efficient and drive a higher level of customer service.

5. Create opportunities that maximize carrier networks while minimizing supply chain costs. The relationship between a carrier and shipper is about more than service expectations, capacity, and rates. It is also about maximizing the carrier's network value and efficiencies.

Third-party logistics providers traditionally have a more complete transportation network that both carriers and shippers can utilize to drive operational efficiencies. Working together to understand how their collective behavior impacts the supply chain will reduce the cost of landed goods, enhance service, improve the carrier's margins, and often improve your overall rate structure.

CREATING LASTING ALLIANCES

The nature of business relationships does not always allow a win-win, but creating an atmosphere where everyone obtains something of value can evolve into a lasting business alliance. If the various representatives can develop a non-adversarial relationship during critical or challenging interactions, they enhance trust and allow more opportunities to present themselves, advancing positive outcomes for all parties.

This give-and-take is no different from any other type of lasting relationship. Strong relationships survive the good times and the bad, and continuously improve through transparency, sincerity, and direct and open interaction. Instilling these values as a core component of the shipper-carrier relationship can result in a unique alliance built on integrity and a commitment to successfully serving mutual customers.

Sound shipper-carrier relationships establish an understanding of what both parties want to achieve. Knowing how to effectively work with your carriers, and realizing the impact of what each of you wishes to achieve, will help deliver tangible and sustainable results. ■

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ITMATTERS

by Michelle Meng-Hsiung Kiang

Real-Time Location Systems Cover Your Assets

The ability to track assets in a broad geographic area, typically outdoors, is key to transportation management. Satellite and cellular network-based technologies are often used for real-time asset tracking outdoors. But to track assets indoors–in factories, warehouses, or other controlled environments–Global Positioning Systems (GPS) and cellular-based systems lack sufficient signal strength. Alternative techniques employing low-cost location labels such as bar-code and RFID tags are often used for indoor asset tracking.

There is a supply chain visibility gap in the yards, however, where over-the-road tracking ends but the assets have yet to enter the confines of the warehouse. Until recently, manual, resource-intensive processes were typically used to track trailer and tractor location and status in the yard. These methods leave data integrity vulnerable to human error and a lack of real-time updates. Yard process inefficiency may negate visibility gains from investments in asset tracking during transportation or in warehouses.

Real-time location systems (RTLS) technology determines an object's current position based on real-time information gathered through a wireless system. Increasing demand for real-time visibility in today's globalized supply chains renders RTLS an indispensable part of logistics technology investments. By combining elements of GPS and passive RFID technologies, RTLS solutions take advantage of both technologies' strengths.

TRACK STAR

Mobile asset tracking in the yards illustrates the unique use of RTLS, in that the environment is outdoors, yet within a contained physical space.

In the yard's outdoor environment, using proven technologies such as GPS to monitor tractors' speed and position eliminates the need to establish location-detecting infrastructure.

On the other hand, you can draw an analogy between trailers in the yard and pallets in the warehouse: They remain immobile until hooked up to the equipment used to move them to the next destination. Passive RFID tags have longer read ranges than bar codes but don't require direct line-of-sight to acquire data, making them one of the most economical ways to obtain real-time trailer position in the yard.

Combining GPS and RFID leverages existing yard processes. While yard tractors carry out their regular duties, attached GPS-enabled RFID readers recognize trailers by the tags, and report the location data in real time.

RTLS also enables management to monitor yard operations' key performance indicators (KPIs) based on quantifiable productivity metrics measured by the actions of the yard trucks. Managers cannot reliably and accurately collect information such as average time per move and percentage of idle time by manual tracking or other means.

The benefit of having real-time electronic data for asset-location yard activities extends beyond improving supply chain visibility at a particular locale. Not only do corporations gain actionable data to facilitate process redesign and increase operational efficiency, they now also have information to drive best practices across all organizations and sites.

Finally, being able to share real-time visibility data within the enterprise as well as with supply chain partners is crucial for enabling collaboration and transforming to a more responsive and agile global supply chain.

By minimizing the dependency on infrastructure investment, the new breed of RTLS-enabled yard management solutions combines the cost and availability advantages of passive RFID and GPS technologies. ■

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RISKS & REWARDS

ISSUES AFFECTING LIABILITY MANAGEMENT

by C. Daniel Negron

A Behind-the-Screens Look at Air Cargo

Q: I am an air consolidator and arrange to ship cargo to domestic and international destinations. I understand that the Transportation Security Administration is developing a system to subject 100 percent of domestic and international cargo to security screening. Are you familiar with this initiative, and how will it affect my operations?

A: Last year, Congress enacted "Implementing Recommendations of the 9/11 Commission Act of 2007." This act requires the Transportation Security Administration (TSA) to implement a system for physically screening 100 percent of cargo transported on passenger aircraft by August 2010. Under its phasing-in provision, the system must be screening 50 percent of cargo by February 2009.

Approximately 12 million pounds of cargo are transported each day on passenger aircraft in the United States, reports the TSA, which acknowledges that complying with this mandate could prove burdensome to air carriers and operators like you who ship goods through the nation's airports.

Because carriers have to screen all cargo at the airport's premises, delays, congestion, and backlogs can result. That's why the TSA is developing the Certified Cargo Screening Program (CCSP) to meet the act's requirements. This program relies on the cooperation of the air cargo industry's many stakeholders to ensure that screening is conducted in the early stages of the supply chain.

The program envisions designating Certified Cargo Screening Facilities to inspect cargo before it is loaded onto an aircraft. These facilities would be operated voluntarily by air carriers, manufacturers, shippers, indirect air carriers, and air cargo handling agents who meet the TSA's established security requirements and who agree to be subject to periodic TSA inspections.

The facilities would screen cargo using TSA-approved methods and implement the chain of custody measures necessary to ensure the cargo's security before it is tendered for transport.

MAKING PROGRESS

In a recent congressional hearing, the TSA reported that it had made significant progress with the CCSP, which has received support from the air cargo industry. To remain competitive, many operators are looking to participate in the program.

But implementation expenses may prove challenging to some; the new technology required under the program costs between $150,000 and $500,000 per facility. The TSA is also considering alternative business models for independent facilities that could receive break-bulk cargo, provide screening services to customers, then assemble the goods into pallets for delivery to the air carrier.

For the foreseeable future, the CCSP will be confined to shipments originating in the United States because inspecting cargo in foreign countries creates its own challenges. Foreign governments maintain their own security systems, which often differ from TSA standards, and they do not allow carriers access to cargo that their own personnel have already screened and secured. The TSA has begun working with a number of governments to adopt uniform measures for screening cargo destined for the United States.

There is little doubt that if you intend to ship your cargo on a passenger aircraft, it will be subject to security screening as early as the beginning of next year. In fact, your goods may already be subject to screening if you ship from airports that have implemented the CCSP program.

In light of these new security measures, it's wise to determine whether to seek authority to operate your own cargo screening facility or use the services of your air carrier or another certified facility to conduct these inspections. ■


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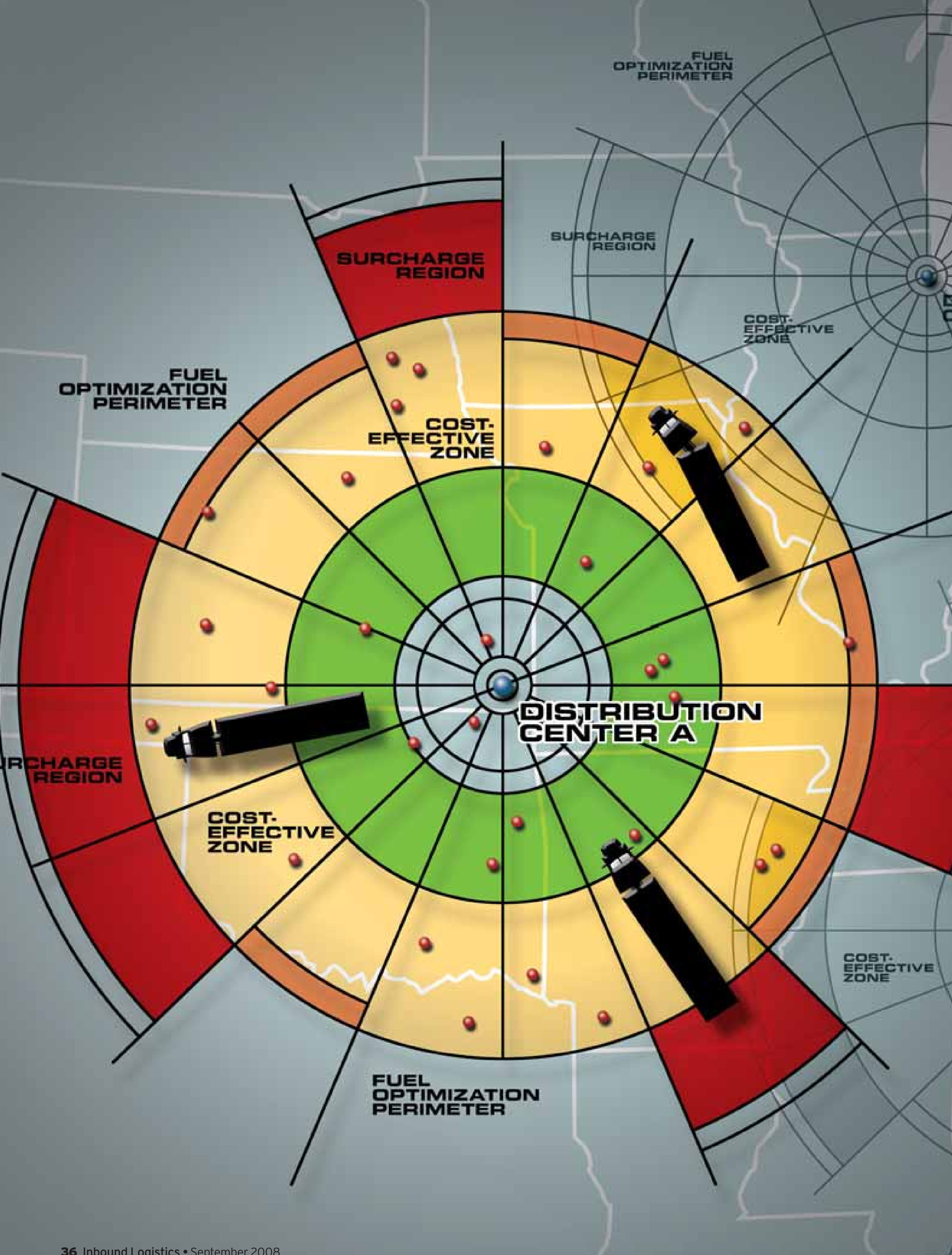
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BATTLE-WEARY SHIPPERS DESIGN STRATEGIC NETWORKS TO WITHSTAND MARKET CHALLENGES

by Lisa Harrington

GROUND TACTICS

OPTIMIZING TRANSPORTATION NETWORKS

The double whammy of a flagging economy and record high fuel prices is changing the economics of transportation in the United States. While every mode is affected, the dynamics playing out in the trucking sector are likely to have the most far-reaching impact on supply chain network design and strategy.

"The trucking sector is comprised of many small companies, and they are going bankrupt at a rapid rate," reports Dan Van Alstine, senior vice president and general manager of Schneider National's van/truckload division. "The number of small company bankruptcies triples weekly. And every other week, a large carrier–with 300 to 1,000 units–exits the business. Six to nine percent of the total population of truckload (TL) carriers have left the business since the start of 2008."

"During the first part of 2008, truckload fleets that operated five to 10 trucks went out of business," notes Tom Barnes, director of transportation for Menlo Worldwide Logistics, a 3PL based in San Mateo, Calif. "As we enter the third quarter, fleets with 70 to 90 trucks are going out. And large carriers are taking trucks out of service and putting them 'on the fence' to reduce capacity."

Since 2004, Schneider National's cost per mile has increased by about 80 percent, largely driven by fuel prices. "The mile is our 'widget'," Van Alstine observes. "When costs go up so tremendously, we are forced to behave differently. For example, we rethink where we hire drivers so we don't waste miles getting them home."

"Fuel is the killer for deadhead miles," notes Morgan Anderson, global director of account management for Menlo. "Fuel used to comprise 15 to 20 percent of a TL carrier's costs; now it's more than 40 percent. In the past, carriers drove 50 to 100 miles to get a good load. Today, they can't recoup that cost, so they have reduced the deadhead threshold drastically."

The less-than-truckload (LTL) sector has been similarly hard hit. This year has brought two major bankruptcies–Jevic Transportation and Alvan Motor Freight–with the potential for three or four additional LTL failures in the $100- to $125-million range.

Both motor carriers and shippers believe a trucking capacity shortage is imminent, and that its impact will be significant. "The high cost of fuel is driving trucking capacity out of the market more rapidly than people realize," says Derek Leathers, chief operating officer of Werner Enterprises and president of Werner Global Logistics, Omaha, Neb. "Approximately 45,000 trucks left the market in the first quarter of 2008; more will leave in the second quarter."

Schneider's Van Alstine agrees. "Within 18 months, I expect to see a serious trucking capacity crunch," he says.

While these issues are foreboding, shippers can take steps to reduce the impact on supply chain networks.

1. Partner with carriers. Shippers are locking down long-term capacity solutions, making sure their providers are financially viable, and negotiating rate structures that smooth out spot-market volatility. This is exactly what New York-based Scholastic Inc., a publisher of children's books including the sensationally successful Harry Potter series, has done.

"Scholastic has worked hard during the past few years to negotiate fuel surcharge 'caps' in many logistics supplier contracts," says Tim VandeMerkt, vice president, global logistics for Scholastic. "As a result, a significant portion of our logistics spend is contractually protected against any material impact from higher diesel fuel prices.

"Our logistics partners, including Con-way Freight, DHL, UPS, YRC Worldwide and its subsidiary YRC Logistics, have helped us weather this period of elevated fuel costs by living within the terms and spirit of our agreements," VandeMerkt adds. "That is no small effort on their part. It demonstrates their character and integrity, as well as the long-term view they have taken of our business."

One way to ride out high fuel costs is to partner with reliable, financially sound carriers. UPS Freight, for instance, helps Scholastic Inc. hold the line on transportation expenses by agreeing to a cap on fuel surcharges.

2. Regionalize networks. To combat truck capacity and fuel challenges, many

companies are re-thinking their physical distribution networks.

"Most supply chains and manufacturing networks were designed in an era when fuel prices were significantly lower and transportation costs were reasonable and stable," says Brooks Bentz, partner, supply chain management with global consulting firm Accenture. "Companies aimed to consolidate warehouses and manufacturing plants.

"Today, with fuel costs rising so precipitously, they are pushing toward having more facilities located closer to the customer," he adds. "The point is to rationalize the network to shorten transportation time."

SLOWING IT DOWN

In addition to regionalizing their networks, companies are slowing down their supply chains to reduce transportation costs. They are forgoing high-priced, high-service transportation and shifting to slower, lower-cost modes–switching air to surface, and truck to intermodal or rail, for example.

"Cross-country truckload transit takes five days unteamed, rail-truck takes six days, intermodal takes seven days, and boxcar a week or more beyond intermodal," notes Anderson. "Companies are deciding that adding a day or more to their transit times can work."

Shippers are pursuing mode conversion more aggressively than in the past, agrees Leathers of Werner Enterprises. "Shippers are showing significant interest in converting LTL to truckload," he says. Truckload, in turn, is converting to intermodal.

Rail-truck intermodal is well-positioned to handle the additional volume. By most estimates, 10 to 20 percent of TL freight could still switch to intermodal, Leathers reports. Part of the reason for intermodal's increasing popularity is that railroads have boosted train velocity by several miles per hour system-wide over the past two years.

The challenge of mode shifting–and buying transportation in general–lies in keeping service levels high while reducing costs.

The retail sector in particular–known for its demanding service

ROCK-TENN CO.

COLLABORATING TO SAVE

When fuel costs began to skyrocket, Rock-Tenn's first response was to "control the impact on carrier pricing," recalls Ben Cubitt, vice president of supply chain. "We concluded that high fuel costs are here to stay, so we needed to build a strategy around them. We had to make our supply chain as efficient as possible."

Rock-Tenn, Norcross, Ga., manufactures packaging products, bleached and 100-percent recycled paperboard, and merchandising displays. It operates 92 facilities in 26 states, as well as Canada, Mexico, Chile, and Argentina.

Reducing empty miles across the supply chain was one immediate goal. "We started identifying empty miles not just in our own network, but in our customers' and suppliers' networks as well," Cubitt says. "We looked at our customers' dedicated truck fleets and empty miles, and began matching our collective inbound and outbound freight flows. By tying our internal moves with customers and suppliers, we reduced empty miles across the network."

Rock-Tenn met with customers and suppliers to explore these opportunities. "We started by helping fill empty miles on one customer's dedicated fleet," Cubitt reports. "We have also begun to match up our inbound and outbound loads."

The manufacturer had examined filling empty miles with a few customers in the past, with little success. "But today, with fuel prices so high and capacity constraints so imminent, our business partners are getting serious about these efforts," Cubitt says.

Such collaboration is impossible to achieve without real-time visibility into supply chain activity. Rock-Tenn embarked on a multi-staged approach to gain this visibility. First, it outsourced its manual freight payment to Cass Information Systems, a Bridgeton, Mo., payment and information services provider. "By outsourcing freight bill payment, we gained access to data concerning our freight flows–a rear-view mirror on what we ship," Cubitt explains.

Next, Rock-Tenn outsourced transportation management to Transplace, a non-asset-based third-party logistics provider based in Plano, Texas. "Using Transplace's transportation management system and load management center in Arkansas, we gained the, technology, visibility, carrier selection, and optimization tools we needed to first link our internal inbound and outbound freight, then look for matches elsewhere in our supply chain."

Although Rock-Tenn is only in the early stages of implementing these network consolidation and optimization efforts, Cubitt is pleased with the progress. "If you look at the impact of matching networks with individual customers, the results could be considered disappointing," he says. "But if you look at it across 20 customers or suppliers, it makes a significant difference."

As for the future, Cubitt says he is "very concerned" about carrier capacity over the coming months. "We measure and watch carrier tender acceptance and on-time pickup and delivery performance very closely," he notes. "Nationwide capacity shortages are coming, and we're worried. So we're trying to align with strong carriers that will survive and thrive."

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WERNER CO.

RETOOLING THE NETWORK

"We are a truckload shipper, first and foremost," says David Conn, senior vice president of logistics and supply chain for Werner Co., Greenville, Pa., the world's largest manufacturer and distributor of ladders and related climbing products. "However, we use more less-than-truckload (LTL) than we would like—25 percent of shipments move via LTL," a consequence of the small customers Werner serves.

Werner has been hit hard by the impact of high fuel prices combined with revised driver Hours of Service rules. "Before the revised rules took effect, we lived in the world of LTL consolidation," explains Conn. "We used to send five or six separate customer orders on each truck."

The amended Hours of Service rules, however, now limit the number of stops per truck trip Werner can schedule. Drivers run out of hours and the economics of such scheduling are no longer favorable. So some of the company's multistop freight has migrated, by necessity, to LTL. Alternatively, the company sends out lighter truckloads.

To reduce transportation costs, Werner has retooled its distribution network extensively during the past five years. Interestingly, this change runs counter to the network regionalization trend.

Six years ago, Werner operated four domestic plants with distribution centers attached to each. As a result of a manufacturing strategy change, only one of the four plants is still operating. The bulk of the company's production relocated to Juarez, Mexico, and certain products were offshored to China.

Werner is in the final stages of consolidating its full-service DC network to a single facility in El Paso, Texas, just across the border from its largest North American production plant. The manufacturer also operates a combined plant and DC in Merced, Calif., as well as a network of small warehouses to provide product availability in key metro markets for quick turnaround, will-call, and regional LTL shipment.

requirements–will have to thoroughly assess its cost and service tradeoffs. "Consumers do not want to walk into a store and find a $7 pair of flip-flops with a $2 fuel surcharge slapped on," Bentz observes.

3. Weigh nearsourcing vs. farsourcing. Escalating fuel prices are beginning to impact production strategy–causing companies to take a fresh look at low-cost country sourcing. Several years ago, fuel represented 35 percent of the cost of running a container ship; today, it comprises 65 percent. Ocean freight rates have risen accordingly.

To conserve fuel, many ocean container lines are slowing their vessel speeds, which in turn lengthens transit times. Longer transit times translate into higher carrying costs for shippers.

The convergence of higher ocean rates with inventory carrying costs means that some companies offshoring production to the Far East are not realizing the benefits they thought they would.

"Transit time from the interior of China, Malaysia, or Myanmar to a consumer's home in Chicago can take one month or longer," Bentz says. "From Mexico, transit time is one week. Some companies are wondering if offshore sourcing is all it's cracked up to be."

"Businesses aren't picking up their whole sandbox and moving to Mexico yet," notes Griffith. But they are bringing some production back to this continent–reeling in at least a portion of their supply chain.

The declining value of the dollar relative to other currencies is accelerating this trend. "In effect," Griffith says, "companies are building dual supply points–bringing some closer to home rather than relying solely on Asia."

4. Mesh transportation networks. A handful of leading companies are changing the way they secure optimal transportation service coverage for their network requirements.

"Shippers operate a network of inbound and outbound freight flows," Bentz explains. "They also collect volumes of data about where their freight comes from and goes to. What they don't have is a view of carrier capacity. Only the carriers know where they have freight, where they would like to have it, and where they need it.

"There are 700,000 trucking companies in this country," Bentz says. "Shippers that match up their networks with the carriers' flows get the power of overlapping networks. If they get it right, they reduce empty miles, give carriers what they want, and earn better service."

Shippers should let carriers figure out which freight fits their networks, Bentz believes. This differs from the traditional approach of putting specific lanes out to bid and seeing what carriers come up with. It enables carriers to truly optimize their assets while providing shippers the best service.

QUESTIONING EVERYTHING

When it comes to the state of the U.S. trucking industry and its impact on corporate supply chain networks, there's no such thing as status quo. "Companies are redesigning their distribution networks in new ways," Leathers says. "They are questioning everything. There are very few sacred cows." ■

The reason behind Werner's DC network consolidation is simple. "A 53-foot trailer full of flat screen TVs or digital cameras can total $500,000 to $1 million worth of merchandise," Conn observes. "But the wholesale value of a truckload of ladders is less than $50,000. We cannot afford extra freight cost because it eliminates our margins.

"Our goal is to handle product as little as possible prior to sale – which helps us from both a damage and cost perspective," Conn explains. "It costs $3,000 to move a truckload of ladders from Juarez to the Erlanger, Ky., DC (now closing), just to position it to move again to the customer."

"At one time we thought we could maintain stand-alone DCs," Conn says. "But when we analyzed our total supply chain costs and looked at transportation prices, we realized that model would not work.

"We have taken millions of dollars of cost out by collapsing our DC network to match our manufacturing network," he adds.

As for transportation, Werner Co. believes in cultivating long-term relationships with carriers that meet its needs. Maintaining those relationships, however, has not always been easy.

"We've had our ups and downs with LTL carriers, in particular," Conn notes. "When freight was plentiful, several LTL carriers walked away from our business. And some don't exercise the proper level of care with our product, so we experience a high damage rate."

Werner Co.'s closest transportation services relationship is, coincidentally, with Werner Enterprises, a general commodities truckload carrier based in Omaha, Neb.

In addition to hauling a high volume of Werner Co.'s freight, Werner Enterprises acts as a transportation broker in areas it does not serve. "Werner Enterprises maintains relationships with thousands of carriers on lanes it doesn't run," notes Conn. "Werner can match us up with a carrier in the value-added network that wants to move our freight on backhaul. These rates are up to 30 cents a mile cheaper than what we could get on the market. Werner Enterprises understands capacity availability and can leverage it on our behalf."

As it looks to the future, the ladder company continually evaluates its mix of offshore and North American production. "Because our product is so freight-intensive, we recognize that we are always 'on the bubble' of nearsourcing our China production," Conn explains. "In fact, in 2007 we brought certain core products back from China because the economics had changed."


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2008 TRUCKING PERSPECTIVES

What can be written about the challenges facing the U.S. trucking industry that hasn't already been chewed up and steamrolled over countless times? Rising fuel prices, green equipment mandates, shifting truckload (TL) and less-than-truckload (LTL) demands, mode competition, excessive capacity, and end-user demands have carriers checking their side-view mirrors for lost business, assets, and competitors discarded along the way.

For an economy inherently tied to over-the-road commerce, these objects in the mirror are closer than they appear. Numerous failures, including Alvan Motor Freight and Jevic Transportation, have cast a pall over the trucking industry at large.

But with time, distance, and perspective, carriers are managing these challenges and turning their attention to what lies ahead, chasing the tail lights of a sputtering economic engine that is showing signs of turning over. What hasn't already terminally stalled truckers is making them leaner, greener, and better prepared for a return to normalcy.

by Joseph O'Reilly

Stateside shippers and consignees navigate a less predictable and potentially ominous road. Institutional fuel costs and the threat of a capacity crunch when the economy picks up raise red flags about their ability to adapt and shift gears. Many motor freight carriers are restructuring go-to-market strategies, streamlining fleets, and investing in value-added logistics offerings; others are vanishing into a fuel-induced ether. For shippers, the consequences are clear: capacity is disappearing fast; and working closer with carriers, identifying strategic supply chain process improvements, and building long-term partnerships are critical priorities.

Inbound Logistics' annual Trucking Perspectives brings these two unique viewpoints under one microscope. First, we polled motor freight carriers to find out how they are responding to market conditions and shipper expectations, expanding and consolidating service offerings, geographical coverage, and IT capabilities to manage current and future demands. Second, we canvassed motor freight buyers to identify and comment on the challenges they face in today's market as well as gauge their perspective on the importance of driving collaborative partnerships in the face of cyclical economic U-turns.

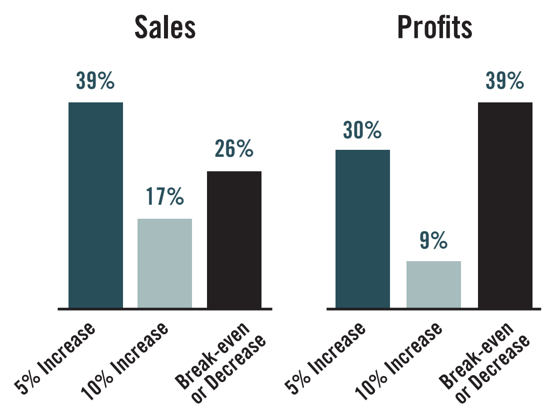
Complementing this bilateral, end-to-end panorama of the U.S. domestic trucking industry, our annual Top 100 Motor Carriers list presents a data-driven drill down of carriers we deem the best at delivering the goods. From regional, refrigerated LTL players to asset-based global logistics service providers, our annual directory presents a diverse class of trucking companies that can go to the ends of the earth or deliver direct to home, with unique service and speed demands in mind.

DIVIDED HIGHWAY BEGINS

Compared to previous years, shippers have had markedly more leverage vetting and selecting carriers given 2008's soft market conditions. Sluggish consumerism and freight demand have left plenty of capacity on the table, forcing many trucking companies to eat fuel and other operational expenses to attract existing and new business.

Building on last year's data, when recessionary indicators began to manifest themselves in earnest, this trend is borne out in a visible disconnect between carrier sales and revenue growth. Thirty-nine percent of surveyed trucking companies report growing sales by five percent, compared to 48 percent of respondents last year; 17 percent increased sales 10 percent (26 percent in 2007); and 26 percent indicate break-even or negative growth (SEE FIGURE 1).

FIGURE 1 Reported Increases in Motor Carrier Sales and Profitability, 2007



SOURCE: Inbound Logistics Trucking Perspectives, 2008

By contrast, 30 percent of surveyed carriers report profit growth at five percent, nine percent cite growth of 10 percent, and 39 percent indicate static or lost profits. Importantly, eight percent of surveyed truckers document losses in excess of 20 percent.

With diesel prices approaching $5 a gallon in certain markets this past summer, dwindling access to credit, and lower freight volumes, cost pressures throughout the supply chain took their toll on motor freight carriers. Trucking companies overwhelmingly cite rising fuel costs (91 percent) and price pressures from customers and competitors (70 percent) as their two greatest challenges. Last year, price pressures (79 percent) and rising driver-related costs (74 percent) were top concerns for carriers.

At the same time, increasing consumer and regulatory influences have legislated the trucking industry to comply with new green standards. As evidence of this emerging trend, 41 percent of carriers report environmental mandates–including new equipment, speed restrictions, idling protocol, and bio-fuel usage–as a challenge, and 38 percent cite equipment costs as an obstacle they face. Insurance and liability costs (39 percent), driver-related costs (35 percent), and taxes, fees, environmental, regulatory, and compliance cost increases (26 percent) round out top concerns.

While freight demand has waned and temporarily mitigated capacity and labor shortages, fuel surcharges are equal-opportunity discriminators, impacting large and small carriers alike. Smaller companies, however, have far less critical mass and resources to absorb or pass along rampant price hikes compared to larger operators that can flaunt value-added service offerings

as collateral. Regional and local haulers face the unenviable task of eating fuel costs and profits simply to keep shippers in sight and competitors at bay.

Still, more carriers documented price pressure as an outstanding concern last year amid fears that an impending economic downturn might give shippers more incentives and fewer reservations to shop around for better freight pricing. This may have simply been a gut reaction that never materialized as shippers became acclimated to market conditions. Alternatively, it might suggest some carriers have found success convincing customers to consider the efficacy of long-term partnerships rather than short-term, price-driven hookups. Regardless, this remains an ongoing challenge for carriers.

In fact, shippers are more likely to switch carriers than they were last year, according to *IL's* poll. Nearly half (49 percent) acknowledge making a change recently, versus 45 percent in 2007, and less than 40 percent in 2006 (SEE FIGURE 2). One respondent reports that his company dropped a carrier after it changed the freight class on a frequent order, then retroactively re-billed for past invoices. Those that changed trucking companies cite poor service, high prices, and more innovation by other carriers as a primary reason for making a swap. With transportation prices as they are, reliability and service expectations have risen accordingly, and carriers that can't deliver have become disposable assets.

FIGURE 2 Did you switch carriers recently?

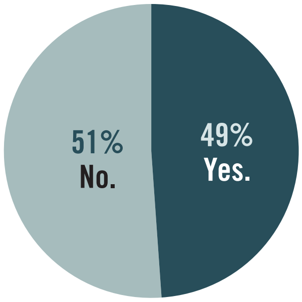
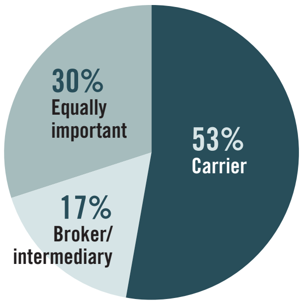


FIGURE 3 Which is more important to you, your relationship with your carrier or with your broker/intermediary?



SOURCE: Inbound Logistics Trucking Perspectives, 2008

POINT OF INTEREST

Another interesting trend line diverging from last year's data is a growing shipper preference for brokers. While freight transportation buyers still overwhelmingly value their relationships with carriers (53 percent), this represents a near double-digit drop from 2007 (SEE FIGURE 3). In turn, 17 percent report a higher regard for partnerships with brokers/intermediaries (five percent in 2007), and 30 percent (32 percent in 2007) perceive both relationships as equally important.

Brokers generally prove their worth when capacity is tight. But in a flush market shippers are similarly taking advantage of these third-party networks to identify more competitive rates, as well as pick up backhaul capacity in markets with a considerable imbalance between inbound and outbound freight moves. Such a changing dynamic may also suppose that opportunities to find better pricing (through brokers) have momentarily trumped speed and reliability (working directly with carriers) as primary considerations. For example, businesses that have greater visibility upstream in the supply chain may be leveraging this control to more cost effectively and efficiently match speed-to-market demands with available capacity.

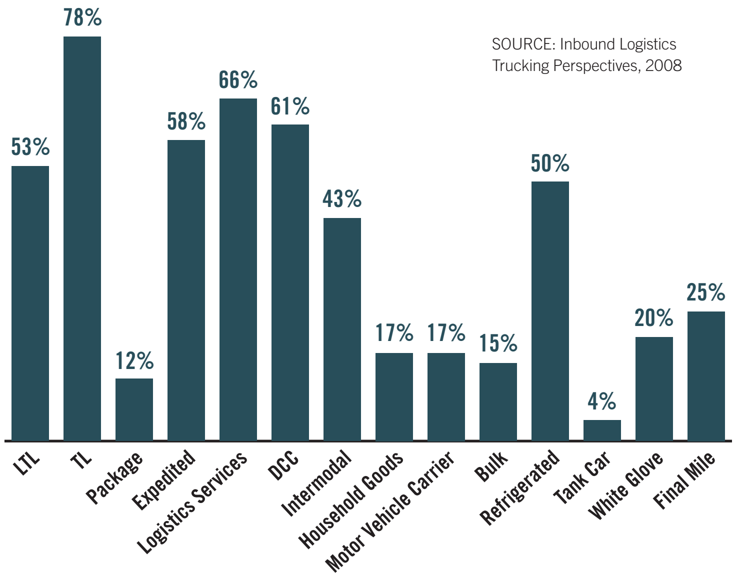
The fact that brokers say they can generally handle a wider variety of freight and are better attuned to the overseas freight segment may provide shippers better service and incentive than common carrier representatives, according to one shipper respondent.

Despite this anomaly, the majority of surveyed shippers still value direct relationships with carrier partners. "I don't like to use brokers because I cannot get the service I need from them. I have a supplier that uses a broker and it continually scrambles to cover our loads," explains another shipper. "When I deal directly with a carrier I have access to a management team that has ownership in our mutual success."

While current market conditions favor shippers in terms of vetting carriers per their own price and service requirements, an economic rebound will likely push control back to the trucking industry. Over the past few years, carriers and shippers have taken turns playing the collaboration card as supply chain bullwhips such as capacity, labor, and pricing oscillated according to economic cycles. A sharp decline in available assets has shippers wary of what freight capacity will be like when volumes pick up, with 61 acknowledging this as a relevant concern. By comparison, 70 percent of carriers believe their customers are aware of this emerging capacity pandemic–which reflects their sales pitch to new and existing customers alike.

Convincing customers of how important it is to establish partnerships for the long haul is "the toughest

FIGURE 4 **Truckers provide varied services**



job we have," notes one carrier. "The current business climate does not allow for long-term collaboration unless the customer can secure long-term, depressed rate assurances." Trucking companies are therefore challenged with helping customers see partnerships for what they are not–a commodity that can be bought and sold on the spot.

Other carriers perceive this challenge as an opportunity to generate new business while building more grounded partnerships. "The ability to cross-sell in both directions–vendor to customer, customer to vendor–brings long-term benefits," says one survey respondent.

While freight rates still remain a make-or-break deal for many shippers, carriers are expanding their operational range and service capabilities to extend value beyond pure pricing. In terms of geographical coverage, U.S.-based trucking companies are expanding beyond borders with 39 percent serving all of North America, versus 33 percent last year. This trend reflects the growing importance of NAFTA trade, Mexico and Canada's developing roles as manufacturing and distribution conduits, and demand for integrated trucking services throughout the continent. Also of note, seven percent of carriers identify themselves as "international" in scope. Larger players continue to acquire assets in other global markets (China, for example) to diversify their business interests and provide U.S. shippers and consignees with end-to-end transportation capabilities and reach.

The demands of the current domestic marketplace similarly reflect some nuanced changes in the types of transportation services truckers are building into their networks. A decline in freight volume and poor economic climate have forced some carriers to streamline their fleets and invest in non-asset-based infrastructure enhancements, including value-added services driven by technology innovations. The average fleet size among carrier respondents fell to 2,725 trucks this year, compared to 2,946 trucks in 2007.

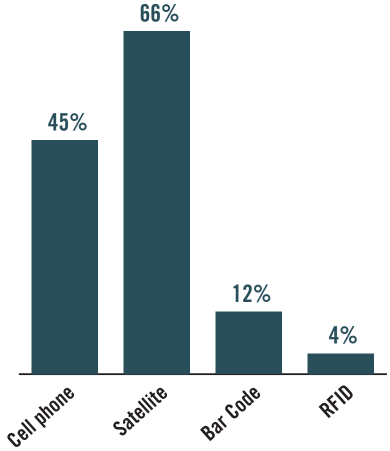
The lion's share of U.S. motor freight carriers (78 percent) still provide truckload (TL) services. (SEE FIGURE 4). This reflects a slight downward turn from last year (81 percent) and is indicative of current price pressures moving long-haul cargo via road, the increasing efficacy of rail/intermodal solutions, and a shift in DC network designs to capitalize on shorter LTL moves.

In turn, the number of trucking

companies providing LTL and intermodal services grew slightly, with 53 percent and 43 percent of respondents, respectively, providing these types of offerings. As further evidence that some shippers are shifting heavier cargo to rail, the percentage of truckers offering bulk transportation capabilities dropped to 15 percent, compared with 25 percent in 2007.

Beyond commodity-type transportation management services, motor freight carriers are meeting customer demands for more specialized, time-sensitive offerings as well. Sixty-six percent of carriers provide logistics services, 58 percent expedited shipment capabilities, 20 percent white glove services, and 25 percent final-mile delivery options.

FIGURE 5 How carriers capture track and trace information



SOURCE: Inbound Logistics Trucking Perspectives, 2008

DEMAND SIGNALS AHEAD, PASS WITH CARE

Buttressing this value-added, go-to-market strategy is an arsenal of technology-driven solutions carriers are bringing to their trucks and terminals to help bolster real-time communication and visibility between customers and drivers.

In terms of connecting with fleets and drivers in the field, cell phones remain the option of choice, with 77 percent of carriers using them for voice communication and 49 percent for texting purposes. Satellite messaging is fast gaining traction among carriers with 67 percent of respondents reporting its use, compared to 61 percent one year ago, while satellite voice communication is less utilized (19 percent). To capture data and track shipments, 66 percent of carriers employ satellite devices such as GPS units, while 45 percent rely on cellular phones, and 12 percent and four percent, respectively, use bar codes and RFID (SEE FIGURE 5).

Complementing this in-cab connectivity, trucking companies are similarly "amping up" their front-facing technology dashboards, developing demand-driven services and Web portals to give shippers and consignees greater control and visibility into transportation decision-making.

For example, 87 percent of carriers provide Web track-and-trace and 80 percent offer email alert capabilities, empowering customers to be preemptive and proactive in dealing with exceptions or conveying shipment information to consignees. Sixty-six percent of survey respondents give users logistics Web tools such as activity management reports and online claims filing, while 40 percent offer online pricing/routing capabilities.

Compared to last year's data there has been a considerable uptick in the number of carriers offering SKU/pallet-level RFID support, with 20 percent acknowledging such capabilities (11 percent in 2007). Meanwhile, 39 percent of trucking respondents provide bar-code support at the SKU/pallet level, a notable jump from last year's 31 percent. Bar-code applications, however, may be nearing the end of their shelf life as only 21 percent of truckers indicate their potential as a future investment, compared to 34 percent that have RFID on the horizon. ■

THE TOP 100 MOTOR CARRIERS 2008

While carriers may be reflexively looking backward to keep tabs on their assets, shippers are well advised to consider what lies beyond the bend, as well as the trucking partners that can capably carry their loads and expectations into the future.

Our Top 100 Motor Carriers list is a good place to shift gears and scope out trucking companies that are paving new roads for delivering your goods to market and new pathways of innovation that provide the necessary visibility and control your supply chain demands. *IL* editors pared down this year's roster by evaluating nearly 200 surveys, poring over online research, and conducting personal interviews via phone and e-mail.

IL's annual Top 100 list offers a uniform guide that dually reflects the diversity of the U.S. motor freight market and the unique demands of over-the-road shippers, featuring large LTL and TL carriers with global reach and regional owner/operators with specialized services.

Together, our Trucking Perspectives industry overview and in-depth Top 100 Motor Carriers list provide a holistic perspective of the trucking industry, from demand to supply, and all points in between.

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TRUCKING RFP/RFI

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What is the Trucking RFP/RFI? It's your opportunity to have motor freight experts look at your specific trucking challenges and needs, and give you free, no-obligation advice, solutions, and information specific to your request. You'll get information not about the companies listed here, but about solutions to the specific challenges you describe in the space below. Ask your questions, you'll get answers.

Your request is totally confidential. Fax this RFP/RFI to *Inbound Logistics* at 212-629-1565. For faster service, you can make your request online: www.inboundlogistics.com/rfp.

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COMPANY

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CITY, STATE, ZIP

PHONE FAX

E-MAIL

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FAX TO THESE LEADERS AT 212-629-1565

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- ❑ Averitt Express
- ❑ Bilkays
- ❑ CRST
- ❑ Landstar
- ❑ Lily Transportation
- ❑ Lynden
- ❑ National Retail Systems
- ❑ NFI Industries
- ❑ Robert Transport
- ❑ Ruan
- ❑ Ryder
- ❑ Saia
- ❑ U.S. Xpress
- ❑ Werner Enterprises
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- Full Documentation Coordination

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- 2-4 Day Service
- Deferred LTL
- Truckload Service

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- Biological Materials Certified
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- Just-In-Time Delivery
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- Labeling
- Priority Services
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Platinum Logistics

THE TOP 100

MOTOR CARRIERS 2008

COMPANY NAME / WEB ADDRESS	PHONE	OPERATING AREA(S)	LTL	Truckload	Package	Expedited	Logistics Services	DCC	Intermodal	Household Goods	Bulk	Motor Vehicle Carrier	Refrigerated	Tank Car	White Glove	Final Mile
A. Duie Pyle www.aduiepyle.com	800-523-5020	US only	●	●		●	●	●								●
AAA Cooper www.aaacooper.com	334-671-3153	US only	●					●								
ABF Freight System www.abf.com	479-785-8700	North America	●	●		●	●		●	●	●		●	●	●	●
Anderson Trucking www.ats-inc.com	800-328-2307	North America		●		●	●	●								
Arnold Transportation www.arnoldtrans.com	800-388-8320	US/Mexico only		●				●	●							
Arrow Trucking www.arrowtrucking.com	800-759-2009	US/Mexico only		●												
Averitt Express www.averittexpress.com	800-AVERITT	North America	●	●	●	●	●	●	●				●			
Barr-Nunn Transportation www.barr-nunn.com	515-999-3018	US only		●		●	●	●								
Bennett Motor Express www.bennettig.com	800-866-5500	US/Canada only		●			●	●				●				
Bison Transport www.bisontransport.com	800-GOBISON	North America		●		●	●		●				●			
Boyd Bros Transportation www.boydbros.com	800-633-1502	US/Mexico only		●			●									
Bulkmatic Transport www.bulkmatic.com	219-972-7707	North America						●	●		●					
C.R. England www.crengland.com	800-453-8826	US/Mexico only		●									●			
Cardinal Logistics www.cardlog.com	678-612-2447	US only					●	●					●		●	●
Cargo Transporters www.cgor.com	828-459-3206	US only		●												
Carlile Transportation www.carlile.biz	253-874-2633	US/Canada only	●	●		●	●	●	●	●	●	●	●	●		
Celadon Group www.celadongroup.com	800-CELADON	North America		●			●	●								
Central States Trucking www.cstruck.com	630-595-9876	US only	●	●		●	●	●	●							
Challenger Motor Freight www.challenger.com	800-265-6358	North America	●	●		●	●	●	●				●			
Concord Transportation www.concordtransportation.com	800-387-4292	North America	●	●	●	●	●						●			

PRIMARY TYPES OF SERVICE

U	Union
N	Non-union
FLEET SIZE	Tractors only, does not include trailers
DNR	Did Not Report

SPECIALIZATION	ON-TIME DELIVERY	FLEET SIZE	NUMBER OF TERMINALS	UNION STATUS	PUBLIC OR PRIVATE	TECHNOLOGY SERVICES: DRIVER COMMUNICATION – CELLULAR – Voice	CELLULAR – Text	SATELLITE – Voice	SATELLITE – Text	VISIBILITY SUPPORT & CAPTURE – Cell Phone	Satellite	Bar Codes	RFID	SKU/Pallet Bar Codes	SKU/Pallet RFID	ONLINE / WEB SERVICES – Web Track/Trace	E-mail Alerts	Web Pricing/Routing	Logistics Web Tools
General	99.1%	810	16	N	PRIV				●		●					●	●	●	●
None	97.0%	2,126	81	N	PRIV	●	●			●						●		●	●
National and international transport solutions	DNR	4,000	290	U	PUB	●	●									●	●	●	●
Dry van, pad wrap, flatbed, furniture consolidation	DNR	1,200	8	N	PRIV				●		●					●	●	●	●
Retail/paper products	98.0%	1,450	6	N	PRIV				●		●					●	●		●
Steel commodities/FAK	95.0%	1,400	6	N	PRIV	●			●	●	●					●			
All markets	DNR	4,150	100	N	PRIV				●		●	●				●	●	●	●
Air freight, consumer products, food/grocery	98.2%	653	4	N	PRIV	●			●		●					●	●		
Heavy haul, government, aerospace, housing, recreational vehicles	99.8%	650	176	N	PRIV	●			●		●			●			●		
Food, paper, retail, dry goods	98.0%	1,050	6	N	PRIV				●		●			●		●	●		●
Building materials, steel, roofing, lumber, metal, pipe	99.4%	950	8	N	PRIV	●			●		●					●	●		●
Dry bulk, liquid bulk, food, chemicals, rail-to-truck transfer	94.0%	550	45	N	PRIV	●			●		●			●			●		
Food	100.0%	3,640	6	N	PRIV			●	●		●			●	●	●	●	●	●
Construction and building materials, automotive, retail	99.0%	1,686	137	N	PRIV	●	●	●	●	●	●	●		●		●	●	●	●
FAK/dry van	96.0%	450	1	N	PRIV				●		●					●	●		
All	DNR	350	10	N	PRIV	●	●		●	●	●	●		●	●	●	●	●	●
Transportation to/from Mexico	98.0%	2,900	15	N	PUB	●			●		●			●	●	●			●
FAK	97.0%	200	2	N	PRIV	●	●				●					●	●		●
Consumer goods, automotive and parts, food and beverage, hazmat	98.5%	1,500	6	N	PRIV	●			●		●	●		●		●	●	●	●
Retail, high-value electronics, entertainment, pharmaceutical	98.2%	200	24	N	PRIV	●	●		●		●	●		●	●	●	●	●	●

Information supplied by trucking companies. Where data was not provided, historical and web site information was used.

THE TOP 100

MOTOR CARRIERS 2008

PRIMARY TYPES OF SERVICE

COMPANY NAME / WEB ADDRESS	PHONE	OPERATING AREA(S)	LTL	Truckload	Package	Expedited	Logistics Services	DCC	Intermodal	Household Goods	Bulk	Motor Vehicle Carrier	Refrigerated	Tank Car	White Glove	Final Mile
Con-way Freight www.con-way.com/freight	734-994-6600	North America	●					●								●
Covenant Transportation Group www.covenanttransport.com	800-974-8332	US only		●		●		●		●			●			
Crete Carrier Corporation www.cretecarrier.com	402-479-8770	US only		●									●			
CRST International www.crst.com	800-736-2778	North America		●		●	●	●								
Daily Express www.dailyexp.com	717-243-5757	North America		●			●	●								
Dart Transit www.dart.net	800-366-9000	US only				●	●	●	●							
Daylight Transport www.dylt.com	800-468-9999	North America	●			●	●									
Dayton Freight Lines www.daytonfreight.com	937-264-4060	US only	●													
Epes Transport System www.epestransport.com	336-931-9792	US only		●												
Estes www.estes-express.com	866-ESTES4U	International	●	●		●	●	●	●						●	●
Evans Network of Companies www.evansdelivery.com	877-39-EVANS	US only		●		●	●	●	●				●			
FedEx Custom Critical www.customcritical.fedex.com	800-762-3787	North America	●	●		●			●			●	●		●	●
FedEx Freight www.fedex.com/us/freightportal	866-393-4585	North America	●	●		●	●	●				●	●		●	●
FedEx Ground www.fedex.com	800-GO-FEDEX	North America			●											
FFE Transportation Services www.ffeinc.com	800-569-9200	North America	●	●		●	●	●	●			●	●			
FLS Transportarion Services www.flstransport.com	800-739-0939	North America	●	●		●	●		●				●			
Gainey Corporation www.gaineycorp.com	800-859-4072	North America		●		●	●						●			
Givens Transportation www.givens.com	800-446-8195	North America	●	●		●	●	●	●				●			
Gordon Trucking www.gordontrucking.com	800-426-8486	North America		●		●	●	●					●			
Greatwide Logistics Services www.greatwide.com	972-224-0072	US/Canada only	●	●		●	●	●	●				●			

U	Union
N	Non-union
FLEET SIZE	Tractors only, does not include trailers
DNR	Did Not Report

TECHNOLOGY SERVICES

SPECIALIZATION	ON-TIME DELIVERY	FLEET SIZE	NUMBER OF TERMINALS	UNION STATUS	PUBLIC OR PRIVATE	DRIVER COMMUNICATION: CELLULAR		DRIVER COMMUNICATION: SATELLITE		VISIBILITY SUPPORT & CAPTURE						ONLINE / WEB SERVICES			
						Voice	Text	Voice	Text	Cell Phone	Satellite	Bar Codes	RFID	SKU/Pallet Bar Codes	SKU/Pallet RFID	Web Track/Trace	E-mail Alerts	Web Pricing/Routing	Logistics Web Tools
General	98.0%	8,400	443	N	PUB	●			●			●		●		●	●	●	●
JIT, electronics, consumer goods, food and beverage, manufacturing, packaging	97.0%	3,500	32	N	PUB				●		●					●	●		●
Food/grocery, paper, retail, manufacturing	98.0%	5,405	20	N	PRIV				●		●					●	●		
Expedited, flatbed, dedicated services	96.0%	3,650	85	N	PRIV	●			●		●					●	●		●
Construction, agricultural, industrial machinery	98.5%	350	10	N	PRIV	●	●			●						●			●
General commodities, retail, personal products	98.5%	2,800	5	N	PRIV	●			●		●					●	●	●	●
Consumer electronics	97.6%	DNR	3	N	PRIV	●	●		●	●	●	●		●		●	●	●	●
Chemicals, retail, general commodities	98.0%	926	40	N	PRIV	●						●		●		●	●	●	●
Tobacco, home improvement, retail, manufacturing	98.0%	1,000	5	N	PRIV				●		●					●	●		
All markets	97.0%	6,325	197	N	PRIV	●				●		●		●		●	●	●	●
Containerized freight	98.5%	1,270	80	N	PRIV	●													
Expedited freight transportation	98.4%	1,300	0	N	PUB	●	●		●		●					●	●		
General freight	99.0%	10,968	328	N	PUB	●	●					●	●	●		●	●	●	●
Small package	DNR	20,000	500	N	PUB											●	●	●	●
Temperature-controlled TL and LTL, dry TL	98.5%	2,500	13	N	PUB	●	●	●	●	●	●					●	●	●	●
General merchandise	97.4%	282	14	N	PRIV	●			●	●	●					●	●	●	●
Blanket wrap, JIT, FAK	98.6%	2,000	8	N	PRIV				●		●					●	●		●
Automotive, electronics, dedicated carriage	98.7%	369	5	N	PRIV	●	●		●	●	●			●					●
Food, retail, consumer products, paper	98.5%	1,420	9	N	PRIV			●	●		●					●	●		
Retail, food and beverage, grocery, automotive, heavy haul, chemical	DNR	6,000	39	N	PRIV	●			●		●			●	●				

Information supplied by trucking companies. Where data was not provided, historical and web site information was used.

THE TOP 100 MOTOR CARRIERS 2008

PRIMARY TYPES OF SERVICE

COMPANY NAME / WEB ADDRESS	PHONE	OPERATING AREA(S)	LTL	Truckload	Package	Expedited	Logistics Services	DCC	Intermodal	Household Goods	Bulk	Motor Vehicle Carrier	Refrigerated	Tank Car	White Glove	Final Mile
Groendyke Transport www.groendyke.com	800-843-2103	North America									●					
Heartland Express www.heartlandexpress.com	800-451-4621	US only		●												
Interstate Distributor Co. www.intd.com	800-426-8560	North America		●		●	●	●	●				●			
J.B. Hunt Transport Services www.jbhunt.com	800-643-3622	North America	●	●		●	●	●	●			●	●		●	●
KLLM Transport Services www.kllm.com	601-936-5633	US/Mexico only		●			●	●					●			
Knight Transportation www.knighttrans.com	602-606-6200	US/Canada only		●			●	●	●				●			
Landstar www.landstar.com	800-872-9400	North America	●	●		●	●	●	●			●	●			
Lily www.lily.com	781-449-8811	US only					●	●					●			
Lynden www.lynden.com	888-596-3361	International	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Market Transport www.markettransport.com	503-283-2405	US only		●				●	●				●			
Marten Transport www.marten.com	800-395-3000	North America		●			●		●				●			
May Trucking Co. www.maytrucking.com	800-547-9169	US only		●				●					●			
Mayflower Transit www.mayflower.com	800-283-5732	International	●	●	●	●	●	●	●	●	●	●	●		●	●
Megatrux Transportation www.megatruxtrans.com	800-374-0929	US/Mexico only	●	●		●	●	●	●							
Melton Truck Lines www.meltontruck.com	918-234-8000	North America		●												
Mercer Transportation www.mercer-trans.com	800-626-5375	US/Canada only		●		●										
Milan Express www.milanexpress.com	731-686-7428	US/Canada only	●	●		●	●	●								
Miller Transporters www.millert.com	800-645-5378	North America							●		●					
National Retail Systems www.nrsonline.com	877-345-4NRS	International	●	●		●	●	●	●	●						●
New England Motor Freight www.nemf.com	800-847-2728	US/Canada only	●	●		●	●	●		●	●		●			

U	Union
N	Non-union
FLEET SIZE	Tractors only, does not include trailers
DNR	Did Not Report

TECHNOLOGY SERVICES

SPECIALIZATION	ON-TIME DELIVERY	FLEET SIZE	NUMBER OF TERMINALS	UNION STATUS	PUBLIC OR PRIVATE	DRIVER COMMUNICATION: CELLULAR Voice	DRIVER COMMUNICATION: CELLULAR Text	DRIVER COMMUNICATION: SATELLITE Voice	DRIVER COMMUNICATION: SATELLITE Text	VISIBILITY SUPPORT & CAPTURE: Cell Phone	VISIBILITY SUPPORT & CAPTURE: Satellite	VISIBILITY SUPPORT & CAPTURE: Bar Codes	VISIBILITY SUPPORT & CAPTURE: RFID	VISIBILITY SUPPORT & CAPTURE: SKU/Pallet Bar Codes	VISIBILITY SUPPORT & CAPTURE: SKU/Pallet RFID	ONLINE / WEB SERVICES: Web Track/Trace	ONLINE / WEB SERVICES: E-mail Alerts	ONLINE / WEB SERVICES: Web Pricing/Routing	ONLINE / WEB SERVICES: Logistics Web Tools
Liquid bulk	99.6%	1,008	34	N	PRIV				●		●								
Consumer goods, retail, food, paper/ plastics, manufacturing, automotive	98.1%	DNR	11	N	PUB	●			●	●	●						●		
General commodities	98.1%	2,600	3	N	PRIV				●		●					●	●		
Retail, food, beverage, building materials	99.0%	11,000	21	N	PUB	●			●		●			●		●	●	●	●
Produce, food, beverages, chemicals, pharmaceuticals	97.7%	1,400	5	N	PRIV	●			●		●					●	●		
FAK	98.2%	3,800	29	N	PUB				●		●					●	●		●
Manufacturing, retail, wholesale, service industries, government, time-definite	DNR	8,993	DNR	N	PUB	●	●		●	●	●					●	●		
All	DNR	453	DNR	N	PRIV	●				●	●				●		●		
Oil and gas, mining, construction, retail, manufacturing	95.0%	631	65	Both	PRIV	●	●				●	●		●		●	●		●
Retail and paper products	98.5%	350	3	N	PUB				●		●					●	●	●	●
Transportation	98.0%	2,392	6	N	PUB	●			●		●					●			
High-cube dry vans and refrigerated fleets	98.0%	925	6	Both	PRIV				●		●					●	●		●
Pad wrap, high-value, trade show/exhibit, artwork, museum, store fixtures	98.9%	DNR	417	Both	PRIV	●	●		●		●					●	●		●
48 states coast to coast	98.4%	225	8	N	PRIV	●	●		●	●	●	●		●		●	●	●	●
Steel, lumber, aluminum, HVAC units, machinery, roofing/building materials	99.0%	1,000	7	N	PRIV	●			●		●					●	●		
Building materials, metal products, machinery, equipment	98.0%	2,082	DNR	N	PRIV	●	●			●				●					
General commodities	98.5%	1,300	37	N	PRIV	●	●		●		●					●	●		
Bulk commodities	99.0%	465	18	Both	PRIV	●			●		●					●			
Retail	99.0%	2,200	31	Both	PRIV	●	●	●	●	●	●	●		●	●	●	●		●
Grocery, retail, hazmat, chemicals, electronics	98.7%	6,000	40	U	PRIV	●	●	●	●		●	●	●	●	●	●	●	●	●

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THE TOP 100

MOTOR CARRIERS 2008

COMPANY NAME / WEB ADDRESS	PHONE	OPERATING AREA(S)	LTL	Truckload	Package	Expedited	Logistics Services	DCC	Intermodal	Household Goods	Bulk	Motor Vehicle Carrier	Refrigerated	Tank Car	White Glove	Final Mile
New Penn www.newpenn.com	800-285-5000	US/Canada only	●			●										
NFI www.nfiindustries.com	800-922-5088	North America		●			●	●	●		●		●	●		
Oak Harbor Freight Lines www.oakh.com	253-288-8300	US only	●	●												
Old Dominion Freight Line www.odfl.com	800-235-5569	North America	●	●		●	●		●							
Panther Expedited Services www.pantherexpedite.com	800-685-0657	North America				●	●					●	●		●	●
Paschall Truck Lines www.ptl-inc.com	800-626-3374	US/Mexico only		●			●									
Penske Logistics www.penskelogistics.com	800-221-3040	International	●	●		●	●	●	●	●	●	●	●		●	●
Pitt Ohio Express www.pittohio.com	800-366-7488	US only	●	●		●		●							●	
Prime Inc. www.primeinc.com	417-866-0001	North America		●			●	●			●		●			
Priority Services www.priorityservices.com	630-993-6000	US only	●		●	●	●	●								
Quality Distribution www.qualitydistribution.com	813-569-7286	North America							●		●					
R&L Carriers www.gorlc.com	800-543-5589	North America	●			●	●									
Roadway www.roadway.com	800-257-2837	North America	●	●		●	●						●		●	●
Roehl Transport www.roehl.net	800-826-8367	US/Canada only		●			●	●					●			
Ruan www.ruan.com	866-RUANNOW	US/Canada only	●	●			●	●	●		●		●			
Ryder www.ryder.com	888-887-9337	International	●	●		●	●	●	●	●			●			●
Saia www.saia.com	800-765-7242	US only	●	●		●										
SCG The Select Carrier Group www.selectscg.com	281-227-5000	North America	●	●		●	●	●	●				●			●
Schneider National www.schneider.com	800-555-6767	North America		●		●	●	●	●		●		●			●
Shippers Transport Company www.shipperstrans.com	615-726-8288	North America		●												

PRIMARY TYPES OF SERVICE

U	Union
N	Non-union
FLEET SIZE	Tractors only, does not include trailers
DNR	Did Not Report

TECHNOLOGY SERVICES

SPECIALIZATION	ON-TIME DELIVERY	FLEET SIZE	NUMBER OF TERMINALS	UNION STATUS	PUBLIC OR PRIVATE	DRIVER COMMUNICATION				VISIBILITY SUPPORT & CAPTURE						ONLINE / WEB SERVICES			
						CELLULAR		SATELLITE											
						Voice	Text	Voice	Text	Cell Phone	Satellite	Bar Codes	RFID	SKU/Pallet Bar Codes	SKU/Pallet RFID	Web Track/Trace	E-mail Alerts	Web Pricing/Routing	Logistics Web Tools
Industrial, retail, hazmat, freezables	DNR	1,000	25	U	PUB	●	●			●		●				●	●	●	●
Beverage, food and grocery, CPG, retail, technology, aerospace	99.5%	2,290	43	N	PRIV	●	●		●		●			●	●	●	●	●	●
General commodities	98.3%	550	33	Both	PRIV		●		●	●				●		●	●	●	●
General commodities	98.3%	5,170	206	N	PUB		●					●			●	●	●	●	●
All	98.5%	1,500	DNR	N	PRIV	●	●	●	●	●	●			●		●	●	●	●
Dry van	97.9%	1,150	5	N	PRIV				●		●					●	●		
Automotive, chemical, pharmaceuticals, healthcare, electronics	DNR	2,544	DNR	Both	PRIV	●	●		●	●	●	●	●	●	●	●	●		●
General commodities	98.0%	1,084	23	N	PRIV	●	●			●						●	●	●	●
Reefer transportation	98.5%	3,490	8	N	PRIV	●	●		●		●					●	●		
Retail	98.0%	45	1	Both	PRIV	●	●					●		●			●		
Liquid and dry bulk commodities	98.0%	3,200	135	Both	PUB	●	●			●	●					●		●	●
Hazmat, express jet	DNR	13,000	DNR	N	PRIV	●	●			●	●					●	●	●	
Manufacturing, retail, government, exhibit/tradeshow, associations	DNR	8,500	340	U	PUB	●	●		●	●						●	●	●	●
Retail, consumer goods, paper products, wood products, foodstuffs	97.4%	1,894	4	N	PRIV				●		●					●	●		●
Food grade liquid bulk, retail, frozen and refrigerated, dry bulk, steel/metals	99.6%	4,659	162	Both	PRIV	●	●		●	●	●			●		●	●		●
Automotive, aerospace, CPG, high-tech, manufacturing, metals, mining, energy	99.0%	51,703	680	Both	PUB	●	●			●		●	●	●	●	●	●		●
General commodities	96.5%	12,214	147	N	PUB		●			●						●	●	●	●
Technology, automotive, electronics, retail	98.2%	525	8	N	PRIV	●	●		●	●	●	●		●		●	●	●	●
Retail, manufacturing, bulk specialty chemical, fuel, automotive parts	DNR	12,900	24	Both	PRIV					●	●			●		●	●	●	●
General commodity, retail	95.0%	200	4	N	PRIV				●		●					●	●		●

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THE TOP 100

MOTOR CARRIERS 2008

PRIMARY TYPES OF SERVICE

COMPANY NAME / WEB ADDRESS	PHONE	OPERATING AREA(S)	LTL	Truckload	Package	Expedited	Logistics Services	DCC	Intermodal	Household Goods	Bulk	Motor Vehicle Carrier	Refrigerated	Tank Car	White Glove	Final Mile
Southeastern Freight Lines www.sefl.com	800-637-7335	US only	●													
Standard Forwarding www.standardforwarding.com	877-744-7783	US only	●													
Suddath Logistics www.suddathlogistics.com	904-390-7183	US/Canada only	●	●		●	●		●	●					●	●
Swift Transportation www.swifttrans.com	602-269-9700	North America		●			●	●	●				●			
Transport Corp. of America www.transportamerica.com	651-686-2531	North America		●		●	●	●	●	●		●	●			
Trimac Transportation www.trimac.com	281-985-0067	North America						●	●		●					
U.S. Xpress Enterprises www.usxpress.com	800-251-6291	North America		●		●		●	●	●						
United Van Lines www.unitedvanlines.com	800-283-5749	International	●	●	●	●	●	●	●	●	●	●	●		●	●
Universal Truckload Services www.goutsi.com	586-920-0154	North America		●		●	●	●	●				●			
UPS www.ups-scs.com	800-742-5727	International	●	●	●	●	●	●	●				●			
USF Glen Moore www.usfglenmoore.com	800-848-9695	North America		●		●		●								
USF Holland www.usfholland.com	800-456-6322	US/Canada only	●			●										
USF Reddaway www.usfreddaway.com	888-420-8960	US/Canada only	●			●										
Vitran Corporation www.vitran.com	416-798-4965	US/Canada only	●	●		●	●		●				●			
Ward Transport & Logistics www.wardtlc.com	800-458-3625	North America	●	●		●	●	●	●	●		●			●	●
Werner Enterprises www.werner.com	800-228-2240	North America	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Western Express www.westernexp.com	615-259-9920	North America		●			●	●								
Willis Shaw Logistics www.willisshaw.com	479-248-7261	US only		●			●	●					●			
Wilson Trucking Corporation www.wilsontrucking.com	540-949-3200	US only	●			●	●	●							●	
Yellow Transportation www.myyellow.com	800-610-6500	North America	●	●		●	●						●		●	●

U	Union
N	Non-union
FLEET SIZE	Tractors only, does not include trailers
DNR	Did Not Report

TECHNOLOGY SERVICES

SPECIALIZATION	ON-TIME DELIVERY	FLEET SIZE	NUMBER OF TERMINALS	UNION STATUS	PUBLIC OR PRIVATE	DRIVER COMMUNICATION: CELLULAR Voice	DRIVER COMMUNICATION: CELLULAR Text	DRIVER COMMUNICATION: SATELLITE Voice	DRIVER COMMUNICATION: SATELLITE Text	VISIBILITY SUPPORT & CAPTURE: Cell Phone	Satellite	Bar Codes	RFID	SKU/Pallet Bar Codes	SKU/Pallet RFID	ONLINE / WEB SERVICES: Web Track/Trace	E-mail Alerts	Web Pricing/Routing	Logistics Web Tools
Various	99.0%	2,400	76	N	PRIV	●	●		●			●				●	●	●	●
Industrial	99.0%	350	15	U	PRIV	●				●				●		●	●	●	●
Restaurant, retail, hospitality, healthcare, aerospace, telecom, high-tech	98.8%	1,500	17	N	PRIV	●	●	●	●		●	●		●		●	●		●
Truckload	97.5%	18,044	35	N	PUB				●		●			●		●	●		
Grocery products, department store, industrial, furniture, express, paper	98.4%	1,300	11	N	PRIV				●		●					●	●		
Bulk chemicals, industrial gases, industrial minerals, dry bulk	99.0%	2,200	129	Both	PRIV	●	●	●	●		●						●	●	
Dry freight	DNR	7,500	15	N	PRIV				●		●					●	●		●
Household goods, high-value products, trade show, special commodities	99.8%	DNR	450	Both	PRIV	●	●		●		●					●	●		●
Diversified portfolio	DNR	4,000	DNR	N	PUB	●	●		●	●	●								●
Healthcare, retail, manufacturing, government, high-tech, automotive	DNR	8,065	215	Both	PUB									●	●	●	●	●	●
General, industrial, hazmat	DNR	850	2	N	PUB	●	●			●	●					●	●		●
Industrial, retail, hazmat, freezables	DNR	5,400	80	U	PUB	●	●			●		●				●	●	●	●
Industrial, retail, hazmat, freezables	DNR	1,400	68	Both	PUB	●	●			●		●				●	●	●	●
LTL and logistics	97.7%	2,346	137	N	PUB	●	●			●		●	●	●	●	●	●	●	●
Manufacturing, finished products, paper, chemical, retail, pharma, food	97.0%	650	22	N	PRIV	●	●	●	●		●			●	●	●	●	●	●
CPG, retail, manufacturing, industrial, grocery, logistics	95.0%	8,080	12	N	PUB				●		●			●	●	●	●		●
Retail, building supplies, grocery	98.0%	1,728	7	N	PRIV				●		●						●		
Frozen and refrigerated commodities, specializing in food products	96.0%	725	4	N	PRIV	●			●		●						●		
General commodities	99.4%	1,100	43	N	PRIV	●	●			●		●				●	●	●	●
Manufacturing, retail, government, chemical/hazmat, tradeshow	DNR	9,000	336	U	PUB	●	●		●	●						●	●	●	●

Information supplied by trucking companies. Where data was not provided, historical and web site information was used.

DOLLARS & SENSE

FREIGHT PAYMENT SERVICES

Freight payment services have played a vital role in logistics since the market's beginnings more than a half-century ago, when banks and their business customers began seeking an efficient way to pay motor carriers within federally mandated time frames.

In today's more loosely regulated shipping environment, freight payment service providers have expanded their portfolios to offer an array of cost, productivity, and efficiency benefits.

"Freight payment services are a necessity for shippers striving to implement lean management practices," says Charles Popick, founder of Costa Mesa, Calif.-based CPC Consultants, an independent firm that helps large shippers establish and optimize transportation programs.

Freight payment service providers enable businesses to hand over a variety of functions that can be difficult and/or costly to handle in-house, including EDI communication with carriers, automatic general ledger

KEEP AN EYE ON YOUR BOTTOM LINE

coding of freight transactions, freight bill collection, rate auditing and duplicate bill checking, data merging, freight bill payment, and freight bill inquiries, reports, and analytics.

Cass Information Systems, a freight payment service provider headquartered in Bridgeton, Mo., strives to supply clients with services that extend beyond fast bill payment. "Our services have a strategic impact," says Marketing Manager Thomas Zygmunt. "We provide process improvements, management information, cost reductions, and enhanced customer service."

Cass enables its clients to reduce and control transportation expenses through outsourcing. "Our goal is not just to duplicate existing systems but to enhance the freight processing system and maximize supply chain efficiency," Zygmunt says.

While many types of businesses can take advantage of freight payment services, some stand to benefit more than others, according to Allan Miner, president of CT Logistics, a Cleveland-based third-party freight audit and payment company.

"A manufacturer that procures raw

materials, ships them to a manufacturing plant, produces a product, then ships it to a distribution center or client accrues more transportation costs than a retailer," he notes.

CT Logistics expands its market presence horizontally each year by adding services that are either requested by clients or developed internally to meet a perceived marketplace need. "We continually broaden our footprint in the supply chain arena to address our clients' needs, both before and after the execution of a shipment," Miner says.

As a result of its expansion efforts, CT Logistics is now deeply involved in many of its clients' routine logistics operations.

"Not only do we handle freight audit payments and management reporting, but we also enable clients to choose the right carrier based on cost and service through our Web site and *FreitRater* software," Miner says. With the help of CT Logistics and its technology, clients are able to tender loads to designated carriers through a central Web site, as well as print bills of lading and track and trace shipments.

ON AUTO PILOT

Freight payment services technology provides substantial and far-reaching benefits. The process eliminates the need for shippers to handle carrier phone calls while providing audited bills, automated general ledger coding, and data collection for both reporting and logistics metrics–all at faster speeds and with less overhead than handling it in-house. "In some cases, it is a service that pays for itself," Popick says.

Pre-auditing may be the service with the greatest potential to affect the bottom line. "Pre-auditing can generate savings ranging from three to six percent of the total cost," Miner says.

Consider a shipper using a parcel delivery service with a "next-day by 10:30 a.m." delivery guarantee. "A freight payment services provider can identify the shipments that were not delivered as promised and need to be credited," Popick says. "In some cases, these service failure claims can equal or surpass the cost of the provider's service."

Freight payment services help businesses in terms of both hard and soft dollars. "Hard dollars are identified through the audit process," Miner notes. "The client pays the carrier only the lowest amount that it's legally obligated to pay."

Historically, process complexity, as well as federal and state regulations, made it difficult for businesses to pay the lowest obligated amount. "But freight payment service providers are experts at arranging this," Miner says.

Businesses can also cut costs by outsourcing routine, time-consuming, productivity-robbing, and cash-burning tasks. "Customers can save on overhead, administration, back-office operations, bookkeeping, and bank fees," says Miner.

Many providers also offer to scrutinize a client's logistics operations for specific processes that can be improved or eliminated. "Shipment history can be used for data mining and analysis," Popick says. "Data gives skilled analysts

LOOKING FOR A FREIGHT PAYMENT SERVICES PROVIDER?

Start your search with these leading players:

Cass Information Systems
Bridgeton, Mo.
www.cassinfo.com
314-506-5500

COGISTICS
Lakeland, Fla.
www.cogistics.com
863-647-9389

CT Logistics
Cleveland, Ohio
www.ctlogistics.com
216-267-2000

nVision Global
McDonough, Ga.
www.nvisionglobal.com
770-474-4122

PowerTrack
Minneapolis, Minn.
www.powertrackglobal.com
800-925-4324

Technical Traffic
Congers, N.Y.
www.technicaltraffic.com
845-770-3510

the ability to perform distribution studies and evaluate whether to move or add distribution nodes."

Data analysis can also be used to benchmark companies to see how the rates being charged compare to the rest of the market. "Numbers alone don't tell the whole story," Popick says. "Data is useless without the tools and expertise to analyze it and make actionable recommendations."

"While we pre-audit and pay freight bills for clients, we also offer information-based solutions," says John Mecchella, president of Technical Traffic Consultants, a freight payment services provider located in Congers, N.Y. "We could be the best auditors in the world, but if we don't provide accurate, timely, and accessible information, shippers will find another company to do business with."

Lean times are forcing more businesses to seek outside help. "In these times of 'right sizing,' one person does what 15 people used to do," Mecchella observes.

> "Pre-auditing freight bills can generate savings ranging from three to six percent of the total cost; those are hard-dollar savings."
>
> – Allan Miner, president, CT Logistics

"As a result, companies rely on outsourced services to provide not just pre-audit payments, but also soft savings from managing and using information to make intelligent decisions."

Many providers also focus on cost avoidance. Companies can sidestep unnecessarily or unfairly high expenses by asking a freight payment services provider to handle cost rating and routing pre-planning. Although the transport provider may quote the correct cost for a particular shipment, there may also be less expensive ways to move the freight.

"Shippers won't know their options until they use a freight payment service provider's software, services, and Web tools," Miner says.

A freight payment service provider can also help create a more efficient business environment. Before a company signs on with a provider, freight bills tend to be voluminous and paper-based, creating a business setting ripe for confusion and mistakes. "Companies usually 'react' to paying freight bills and expend a lot of effort to stay ahead of billings and avoid relentless follow-up by the carrier's accounts receivable department," Popick notes.

As soon as a company decides to outsource its freight payment services, all bills, phone calls, and other productivity-sapping tasks and interruptions are immediately directed to the provider. The provider establishes computer-based EDI integration with carriers, enabling all billing information to be exchanged electronically. Additionally, all pertinent data on each freight bill seamlessly transfers into a payment database.

Once that raw data has been stored electronically, the client can use it to develop reports or have the provider develop reports, such as freight spending by carrier or mode, freight bill exceptions, and outstanding balance by carrier. "With the provider's help, the client proactively manages its freight program," Popick observes.

It also helps to have clearly written contracts. "There's a right way and a wrong way to write a contract," Mecchella says. "We always make sure to dot the I's and cross the T's, and remind clients that they are working in a regulated environment."

Technical Traffic takes steps to protect clients from contracts that contain surprises or traps. "We put the intention of the negotiated agreement into contractual form so that it becomes predictable," he notes. "In any contract, both parties should know their obligations." An expertly written contract benefits all parties, Mecchella believes.

GLOBAL CONCERNS

Globalization is another trend driving businesses to outsource freight payment services. "Freight payment companies increasingly process invoices in Europe and Asia," says Keith Snavely, vice president of North American sales for nVision Global Technology Solutions, an Atlanta-based freight payment services provider. "We currently process invoices from more than 190 countries and pay transport providers in 45 currencies."

Increasing regulatory oversight of international transactions is also motivating companies to seek outside payment help. These days, it's common for companies to deal with invoices and other documents in foreign languages and currencies, making regulatory compliance difficult, perhaps even impossible, without help. "When the Sarbanes Oxley Act was passed," Snavely says, "shippers needed providers with global reach and the ability to process documents and transactions in multiple languages.

"Invoices may not always be written in English, may need to be paid in a foreign currency, and sometimes, must be converted to U.S. dollars for reporting purposes," he adds.

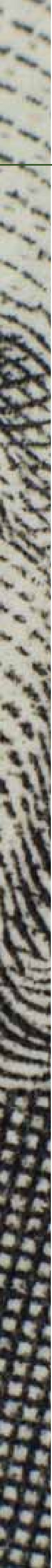
> "We could be the best auditors in the world, but if we don't provide accurate, timely, and accessible information, shippers will find another company to do business with."
>
> – John Mecchella, president, Technical Traffic Consultants

Any business that hooks up with a freight payment services provider must be prepared to commit to the project. A shipper that decides to use freight payment services only for selected shipments is begging for trouble. "It's impractical because data comes from disparate sources and auditing rules may not be uniformly applied," Popick notes. "It is a best practice to have a consolidated program."

WHAT TO LOOK FOR

Once a company decides to oursource, it's time for due diligence. To choose the right freight payment services provider for your company, here are some factors to consider:

- **The provider's management background and expertise.** "Besides being financially stable and sound, does the provider



understand and have expertise in the industry?" Zygmunt asks. "Also evaluate whether it has the depth to handle your account, so you're not relying on just a few individuals who are running the service."

- **Communication channels.** Beyond offering a specific set of services, a provider should also be willing to maintain strong and open communication channels. "Because freight payment services are a critical part of the logistics process, shippers need to reach their providers at all times," Zygmunt says. "If a key contact goes on vacation or is out sick, customers need a backup."

- **Business practice visibility.** "Like any industry, there are many ways to do business, both above board and below board," says Rick Langer, general manager of PowerTrack, a freight payment services provider headquartered in Minneapolis. "Make sure your prospective provider has a standard electronic interface for EDI transactions with all the major carriers."

Although a standard EDI interface allows customers to easily monitor and verify the providers' carrier transactions, it remains a rarity in the freight payment services industry. "Most providers have multiple, one-off interfaces with each carrier," Langer says.

- **Payment strategy.** "Negotiate a per-bill rate; don't agree to a contingency-based contract," Popick advises.

Freight payment services buyers also need to stay alert for frivolous and unnecessary provider fees. "Many providers charge transaction fees for secondary bills, so there's an incentive for them to create

A WINNING COMBINATION:
THE 3PL/FREIGHT PAYMENT PERSPECTIVE

Most freight payment service providers are either independent firms or affiliated with a bank or other financial institution. COGISTICS is different. The Lakeland, Fla.-based company is a 3PL that also offers freight payment services.

COGISTICS strives to give clients the best of both worlds–freight payment productivity and efficiency benefits, and 3PL management and insight. "We use our freight bill audit and carrier payment process to create a better supply chain and logistics scenario for shippers," says Ray Oberhofer, president. "Using our data collection expertise and supply chain engineering tools, we help reduce overall transportation costs."

COGISTICS' activities extend beyond everyday freight payment data exchange and auditing services. "We go into the marketplace for clients to look for the best possible purchase on warehousing, trucking, or crossdock operations," Oberhofer notes.

A combined 3PL/freight services provider may not be an appropriate choice for all businesses, Oberhofer observes. "We might, for example, have a hard time justifying our services to a company spending less than $10 million on transportation annually," he says.

Inbound clients are best positioned to take advantage of a combo 3PL/freight payment services provider. "Our primary client is an inbound manufacturing company," Oberhofer notes. "Not to diminish the importance of outbound, but shippers know where all their customers are and can control the game from one central place." Consignees face a bigger challenge, however, because they rely on all their suppliers to treat freight correctly, choose the right carriers, and annotate bills of lading properly.

"This demands negotiation and communications skills, insight, tracking abilities and careful work–that's what we provide," Oberhofer says.

MYTH: NO COST FREIGHT PAYMENT

TRUCKING

TRUCKING COMPANY
P.O. BOX 0123
ATLANTA, GA 30000

FREIGHT BILL NO. 0123456789

SHIP DATE: 05/22/2008

SHIPPER REFERENCE NO: ABC000123

SHIPPER:
LOCATION A
1234 FIVE STREET
ATLANTA, GA 30000

CONSIGNEE:
LOCATION B
6789 TEN STREET
PHILADELPHIA, PA 19000

PIECES	DESCRIPTION OF ARTICLES	WEIGHT	RATE	CHARGES
	MEDICAL SUPPLIES NOI	36,000	FLAT	1,000.00
24	TOTAL PIECES			
	FUEL SURCHARGE			225.00
	SUBTOTAL			1225.00
	FREIGHT PAYMENT SURCHARGE*		1	20.00
	PAY THIS AMOUNT			$1245.00

The cost of some freight payment plans can add up. In the competitive business of freight transportation, carriers must operate with low profit margins to keep equipment moving. Any additional operating cost must be passed through to the customer. It began with fuel, is freight payment next? If the carrier has to pay to get paid, your entire shipping budget can be at risk.

"Each success only buys an admission ticket to a more difficult problem." - Henry Kissinger.

Control your freight payment costs with nVision Global. We offer fixed-cost pricing to manage your freight payment expenditures worldwide. Call nVision Global today to learn more about our innovative programs.

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Phone: 770.474.4122
www.nvisionglobal.com

"Companies that have not looked at freight payment services before will feel pressure to examine ways of boosting efficiency and productivity."

–Thomas Zygmunt, marketing manager, Cass Information Systems

exceptions," Langer says. "The more exceptions you have, the more secondary bills you create; the more secondary bills you create, the more fees the provider can charge."

• **Float periods.** A long float period can cut costs by effectively delaying payments. "It's important to know how many days the provider will hold the money before paying the carrier," Langer says. "Providers should reduce transaction fees and get a significant float."

• **Country list.** Customers with international transactions should ask providers to supply a list of the countries they support. "The provider should be able to show–with documentation–that it has been approved by each country's financial institution regulatory body," Langer says.

• **International and local expertise.** International transactions can be difficult for a company to figure out on its own, so it's important to find a provider that not only knows how to handle multiple languages and currencies, but has in-depth knowledge about local tax and tariff mandates. "The governments within the various countries, for example, often charge a goods and services tax or a value-added tax on each product or service," Snavely explains. "Many customers rely on us to allocate those taxes across all the products in a shipment."

• **Patience.** It's critical to find a provider that will take the time to explain and demonstrate complex freight payment processes. CT Logistics, for example, will run a company's sample shipment documents through its system to demonstrate the technology. "We are always willing to do a free analysis for a prospective client," Miner says. "It's a way of letting them know how we can meet their needs."

Cass also works with prospective clients to illustrate the benefits of freight payment services. "We design an individual solution for each company we work with," Zygmunt says. "Although we have clients in similar fields, each company has unique accounting needs and shipping methodologies. We design the process based on the client's needs rather than trying to fit the client into a pre-packaged solution."

WORDS OF ADVICE

The freight payment services market will continue to thrive in the years ahead. "As companies become leaner, they must outsource functions that are not core competencies," Popick states. "The value proposition is that freight payment is a service that pays for itself again and again."

In this era of high fuel prices and galloping inflation, businesses are under increasing pressure to slash expenses and boost revenue. "Companies that have not looked at freight payment services before will feel pressure to examine ways of boosting efficiency and productivity," Zygmunt says.

Popick's final words of advice are simple and blunt. "If you do not currently outsource freight bill auditing and payments, do it immediately," he says. ■

SHOP


diesel engines
electrical components
fabricated parts
suspensions
steel
aluminum
sheet metal
electric motors
transformers
copper wire
capacitors
resistors
integrated
castings

TALK

RESEARCHING. REVIEWING. CONSIDERING.
RECOMMENDING. INVESTIGATING.
NOW YOU'RE SPEAKING
A PURCHASING MANAGER'S LANGUAGE

by John Edwards

Imagine shopping for a living. That's the basic job description for purchasing managers, but a shopping spree at the mall isn't on their To-Do lists.

Unlike people who shop for fun or to relieve boredom, purchasing managers find themselves juggling an array of stressful, business-critical tasks. As they strive to strike the best deals for their companies, purchasing managers consider product cost, quality, availability, reliability, and support when choosing supplies and suppliers.

In addition to highly refined negotiating skills, purchasing managers need in-depth knowledge of specific products or services and market conditions. They dedicate endless hours to studying sales records, evaluating inventory levels, projecting demand, researching foreign and domestic suppliers, and staying abreast of financial and political changes that could potentially affect the supply of, and demand for, necessary materials.

Listen in as four purchasing managers talk shop, chat about challenges, and shoot the breeze on strategy.

ON THE ROAD

Scott Vanderlinde

Purchasing Manager, Doepker Industries
Annaheim, Saskatchewan, Canada

Purchases: Custom and common components for producing semi-trailers and grain haulers

Challenge: Gathering background on parts bought from North American suppliers that originated at overseas manufacturers

Insight: Overseas sourcing is diminishing in favor of North American suppliers

As purchasing manager for Doepker Industries, a manufacturer located in Annaheim, Saskatchewan, Canada, Scott Vanderlinde acquires the basic materials the company needs to produce its semi-trailers and grain haulers.

"I purchase custom and common components, such as suspensions, tires, wheels, lights, and wiring, as well as raw materials, including steel and aluminum, which we use to either make parts in-house or outsource for fabrication," Vanderlinde says.

For Vanderlinde, an ideal workday is one when everything rolls along as steadily and smoothly as the trailers and haulers his acquisitions help create. His work is usually hectic, however. A typical day might find him negotiating with a mill for sheet metal, a metal fabricator for a specialized part, or a component supplier for a specific nut or bolt.

"Many components we use are standard in the industry and easy to source," Vanderlinde says. "But when we design the part, we provide drawings and specifications to a contract manufacturer."

Because Doepker manufactures vehicles in an array of configurations, Vanderlinde sources thousands of parts and raw material types to meet the company's diverse production needs.

Each purchase requires Vanderlinde to consider a variety of factors. "I review the total cost, and how critical the part is to manufacturing," he says. "Also, when we source overseas, I have to consider factors other than transportation that add expense."

Doepker sources nearly all its products from suppliers located in Canada and the United States. "We source 95 percent of our products from North America, distributed between Canada and the United States," Vanderlinde says. "And we buy a small volume of materials from Mexico."

Just because a supplier is located in North America doesn't mean that its parts or materials haven't originated in other places. "Many of our suppliers indirectly bring in products from overseas," he says.

This means he has to investigate the supplier's operations to discover exactly who is providing the products, and determine the potential for supply chain vulnerabilities that could cut off the source of a critical part or material. "I need to understand where our products come from and the difficulties our suppliers face," Vanderlinde says.

Like many purchasing managers, Vanderlinde is seeing supply chains shorten as rising energy and transportation costs, combined with a weaker U.S. dollar, make it more expensive to import products. "The 'Made in China' trend is diminishing," he says. "Many suppliers are considering locating development and manufacturing in North America instead of China."

Regardless of the distances involved, freight remains an inevitable part of any product's cost. To simplify pricing management and gain more control over shipments, Doepker prefers to pay its own freight costs whenever possible.

"Even though about 25 percent of our products arrive via prepaid freight, there's still a cost to us," Vanderlinde says. "No supplier can ship for free."

To manage procurement costs and expedite planning, Vanderlinde relies on Doepker's enterprise resource planning (ERP) software. The technology, supplied by Indianapolis-based Consona, provides a rules-based system that enables Vanderlinde to plan and execute procurement strategies by describing the company's requirements.

The software streamlines routine tasks and helps Vanderlinde stay on top of critical situations. Reordering, for instance, is now fully automated. "The system alerts us when we're down to the last four weeks of inventory on an item," he says. All orders can be automatically increased, reduced, rushed, pushed back, or even canceled.

"Purchasing has evolved from the days when we handled orders manually," Vanderlinde observes.

> **"The 'Made in China' trend is diminishing. Many suppliers are considering locating development and manufacturing in North America instead."**

MAKING TECH WORK

Jon Letsinger

Purchasing Manager, Western Electronics
Meridian, Idaho

Purchases: Electronics components and raw materials for consumer and office products

Challenge: Maintaining inventory to support an array of components required by a constantly evolving production line

Insight: Visibility provided by suppliers' online purchasing portals enables more accurate delivery commitments to customers

For the past 23 years, Meridian, Idaho-based Western Electronics has handled printed circuit board assembly and packaging operations for a variety of electronics manufacturers, creating the "guts" inside a variety of consumer and office products.

As Western Electronics' purchasing manager, Jon Letsinger understands the sourcing challenges a contract tech manufacturer faces, including an almost endless array of electronic components required by a constantly evolving production line. The parts run the gamut of technology, including both cutting- and trailing-edge products.

"I work with the scheduling team daily to determine the operation's short-term needs."

"I handle everything from electric motors and large transformers to sheet metal and copper wire to typical electronic components, such as capacitors, resistors, and integrated circuits," Letsinger says.

Western Electronics sources most of these materials, which are manufactured around the world, through large distributors, including Avnet and Arrow Electronics. The firm also deals with smaller distributors for specialty products. Most of these partners are located within a three- to five-day transportation window. Custom metal products, however, are usually sourced from what Letsinger describes as low-cost geographies, such as Thailand and other parts of Southeast Asia.

Like Vanderlinde, Letsinger relies on planning software to help coordinate and monitor Western Electronics' purchasing activities. He also depends on collaboration with co-workers. "I work with the scheduling team daily to determine the operation's short-term needs," Letsinger says.

The purchasing group serves as a support team for operations. "As planning horizons close in, operations needs to have the materials on hand, in the right amounts, at the right point," he adds.

The Internet also helps purchasing managers do their jobs faster and more effectively. Letsinger notes that a growing number of suppliers are setting up purchasing portals on their Web sites. "This technology allows us to log in, view costing information, and see the stock being held for us," he notes. "That visibility allows us to make more accurate delivery commitments to customers."

By giving businesses the ability to view critical partner data in real time, the Internet expands purchasing's geographic scope while shortening lead times. Instant data access also allows purchasing managers to collaborate with global suppliers 24/7, without picking up a phone or sending an email, by directly accessing their partners' inventory and billing systems.

"It's a worldwide economy, and the world is getting smaller," Letsinger observes. "It will help our business if we can source from different parts of the world to satisfy both our needs and, ultimately, our customers' needs."

PUMPING PURCHASES

Ken Westfield

Strategic Sourcing Manager, The Gorman-Rupp Company
Mansfield, Ohio

Purchases: Parts and materials for industrial pumps

Challenge: Coping with rising commodity prices and transportation costs

Insight: Monitoring supplier performance and relationships helps identify savings opportunities

As a strategic sourcing manager, Ken Westfield keeps a steady supply of parts and other materials flowing into The Gorman-Rupp Company, an industrial pump manufacturer located in Mansfield, Ohio. Gorman-Rupp manufactures pumps for a variety of markets, including consumer, municipality, wastewater, industrial, construction, petroleum, and agriculture. The company operates seven manufacturing facilities in three countries: one each in Canada, The Netherlands, and Ireland; and four in the United States.

Westfield has worked at Gorman-Rupp for 14 years. He started in the company's engineering department, where he spent six years as a computer-assisted design (CAD) operator and technical support engineer, among other

Most of Gorman-Rupp's suppliers are based in the United States. "We take pride in the fact that we buy domestically," says Ken Westfield, strategic sourcing manager.

roles. He then moved into sales and, when the opportunity arose, became a corporate buyer. Westfield has worked in purchasing for the past five years.

In his current position, Westfield oversees purchasing for Gorman-Rupp's main plant in Mansfield. His job tasks him with acquiring a variety of products, ranging from castings to diesel engines, as well as fabricated parts, electrical components, wiring, decals, paint, and even nuts and bolts.

Most of Gorman-Rupp's suppliers are based in the United States. "We take pride in the fact that we buy domestically," he says.

THE SUM OF ITS PARTS. **Ken Westfield's strategic sourcing decisions help boost the bottom line at industrial pump manufacturer The Gorman-Rupp Company.**

Westfield describes his purchasing department as a "jobbing shop." "We don't buy large quantities of any one product, but we do purchase volumes of different products," he says.

Westfield feels that careful statistical analysis is vital to coordinating Gorman-Rupp's wide-ranging sourcing activities. "We base forecasts on history and sales reports," he says.

The company's sales information is stored in an AS-400 computer system running MAC-PAC ERP software provided by Columbus, Ohio-based TDCI. "Once the data is loaded, the system creates a master schedule from which we build purchasing plans," Westfield says.

The company scores its 80-plus suppliers on several key criteria, including delivery, quality, and pricing data. "We issue a quarterly scorecard to benchmark supplier performance," Westfield says. "Last year, we held a 'supplier day' to reward the best performers."

The event serves to strengthen bonds and help both parties better understand and appreciate each other's needs. Gorman-Rupp presented the suppliers with awards and updated them on company news and plans.

Like his counterparts at other companies, Westfield is battling rising commodity prices and transportation costs. "To minimize the impact of soaring prices, we've built more efficiency into the assembly line and shipment consolidation process," he says.

While Westfield realizes that he has only limited control over shipping costs, he still wants to shave rates wherever he can. For instance, after learning that one carrier was moving about 80 percent of inbound freight on the suppliers' terms, he called a meeting to address the situation.

"I'm now working with the traffic coordinator to compile a list of carriers we have contracts with and determine which ones offer the most favorable terms," he says. "And we're working toward including specific carrier requests on the purchase orders."

Westfield says strategic sourcing–a procurement process that continuously improves and re-evaluates a company's purchasing activities–also helps him buy products and materials on the best terms, while saving time and reducing overhead expenses.

Westfield stays abreast of new technologies to find ways to improve processes and cut costs. "We now release about 88 percent of our purchase orders electronically," he says. "That represents a lot of time–and postage–saved."

He's also looking into the "supplier-managed inventory" concept, which requires key suppliers to assume responsibility for maintaining negotiated inventory levels. "This is an opportunity to shift some tracking and management work to the supplier," he says.

But Westfield doesn't believe that more supplier oversight will diminish the purchasing manager's role. "Companies will always need someone to decide what to buy and who to buy it from," he says. "That will never change."

GOVERNMENT WORK

Paul North

Vice President of Procurement, Harris Corp.
Rochester, New York

Purchases: Custom-developed components and non-critical parts for radio communications equipment

Challenge: Servicing government agencies with specific quality, source, and security requirements

Insight: Custom software helps identify potential vendors and negotiating terms

Purchasing materials for a business with a customer base composed almost entirely of government agencies poses a variety of special challenges. Paul North, vice president of procurement for Harris Corp.'s Rochester, N.Y.-based RF Communications Division, is used to coping with the special purchasing requirements government customers set for the type, quality, and geographic origin of sourced parts.

"Our primary products are tactical radio communications equipment," North says. "Our customers are the U.S. government, including the Department of Defense, and various international governments."

Intended for highly secure voice and data communications, Harris Corp.'s specialized radios offer reliability for high-security customers. "We develop the majority of products ourselves," North says. "We identify customers' needs and create products that meet their requirements."

> "We can look at the metrics and note where we're in control and where we need help."

Such specialized radio equipment demands expensive and often unique components. Unlike most manufacturers' purchasing requirements, quality, source, and security considerations all trump price for the parts North procures.

"We pay close attention to security," he says. "Working with the State Department and other government agencies, we perform a technology review of components." The review tells the company's buyers which products they may procure and how to source them.

North sources non-critical parts conventionally from vendors worldwide. "Some components are classified as pure commercial devices," North says. But many parts, mostly those using cutting-edge or militarily sensitive technologies, are considered "controlled" and must be procured from U.S.-based vendors. Exceptions are sometimes made when availability or some other criteria suggests that it may be best to look to a foreign vendor for a particular part.

"Through licensing, we can obtain approval from the State Department to source those components internationally," North says. "But some devices are not cleared to be manufactured outside the United States."

Automation technology has significantly lifted the burden from North's purchasing team. "It used to take two days for a buyer to issue requests for quotations because we had to figure out what products were needed and in what quantities, determine the last supplier of choice, and do the engineering drawing," he says. "Then we had to pull the package together by completing, distributing, and collecting the RFQs, and manually transferring the information into a decision matrix."

Today, a custom software environment automates most of the process. "The software tools relieve the buyer's responsibility," North says. In fact, the system takes the first step in the procurement process by automatically matching required parts with potential vendors. "When I arrive in the morning, the action messages are waiting for me," he adds.

The system also facilitates online negotiations. "Our suppliers are given a bid deadline, and they provide an electronic quote," North says. "The data is then presented to the buyers for review." The system also helps Harris meet export control mandates by making sure confidential data isn't accidentally disclosed to parties who aren't cleared to receive such information. "Protection is built into the system to make sure the right people get the right data," North says.

Harris recently implemented a software-based dashboard that helps buyers track critical procurements with a real-time status summary. "The system shows how many outstanding RFQs the buyer has; how many are on time; and how many have been expedited, held, and cancelled," North says. "We can look at the metrics and note where we're in control and where we need help."

North's purchasing team would be hard-pressed to achieve comparable efficiency and productivity without automation. "It has given us more time to work strategically and stay focused on our key partners," he says.

That visibility is a strategic commodity purchasing managers can appreciate, whether their To-Do lists feature procuring raw materials from domestic suppliers or high-tech components from overseas. ■

by Dan McCue

Urban Outfitters Sales Into the Wind

Urban Outfitters struts its stuff through aggressive growth, a unique customer perspective, and a supply chain that pulls it all together.

For most of storefront America, difficult macroeconomic headwinds have ushered in a period of re-entrenchment. Starbucks, the coffee shop on every corner, has been forced to take a deep breath and close some 600 stores. Ann Taylor, Zales, Pier 1 Imports, Gap, Talbots and many other well-known retailers have reined in and shuttered growth or shifted into turnaround mode.

At a time when competitors are reeling, Urban Outfitters Inc. is rocking–sticking to a long-term plan of 20-percent annual growth through its three brands: namesake Urban Outfitters, Anthropologie, and Free People.

The Philadelphia-based company is even expanding in new directions. Earlier this year, it opened a home décor and garden store called Terrain, near Chadds Ford, Pa. It also recently debuted Leifsdottir, a wholesale brand for Anthropologie, that will be sold through department and specialty stores, including Nordstrom, Bloomingdale's, and Bergdorf Goodman.

How has Urban Outfitters managed to not only sail into the wind, but to do so with gusto?

Part of the answer is dedication to its mission of delivering a distinctive, recognizable shopping concept, whether a customer visits a brick-and-mortar store, goes online to the Web site, or makes selections through its mail-order catalogs.

More significant, however, has been Urban Outfitters' ability to revamp its supply chain and logistics processes to ably meet the demands of rapid growth, laying the groundwork for a projected expansion that will add 500 stores in North America, Europe, and Asia.

CLEAR STRATEGY AND VISION

Although many of Urban Outfitters' supply chain moves have been years in the making, the pace of change has been particularly noteworthy during the past two years.

"We are not making these changes in response to the economy," affirms Barbara Rozsas, Urban Outfitters' executive director of sourcing. "We base all our supply chain decisions on a clear strategy of growth and a shared vision throughout the organization.

"Our supply chain strategies have all been well-orchestrated," she adds. "We do our due diligence, plan, then march accordingly."

As of the second quarter of 2008, sales averaged about $575 per square foot in its namesake stores, $760 per square foot at Anthropologie, and a whopping $1,050 per square foot at Free People.

The brand appears to be doing just as well in Web and catalog business, with direct-to-consumer sales growing an average of 48 percent since 2003.

AN URGENCY TO BUY

The company attributes its strong sales in part to a lean buying strategy that creates a sense of urgency among its customers, according to John Kyees, Urban Outfitters' chief financial officer.

While many retailers plan to sell a significant percentage of their merchandise as markdowns, such thinking only encourages shoppers to wait eight weeks so they can buy at a lower price, Kyees believes.

"At the Urban and Anthropologie stores, and Free People site, if customers don't buy it when they see it, odds are they will lose their chance, because the sizes will be broken or the item will be sold out," he told analysts at a recent William Blair & Company growth stock conference.

"We love selling out of items because that creates a sense of urgency," he added.

Urban Outfitters' ability to ship lean, while remaining confident it can restock shelves and keep up with rapid growth in both stores and sales, springs from an idea called "concept to market" that Rozsas and Ken McKinney, the retailer's director of distribution, have championed for several years.

"Given the company's growth plans, which we were well aware of, it was essential to have a complementary supply chain strategy in place," McKinney says.

Most importantly, the strategy required the company to design flexibility into its scheduling process. It accomplished that by putting dual sourcing strategies in place.

"We developed fabric and raw materials sources in alternate locations," Rozsas explains. "Doing that greatly compresses our turnaround time in case of a reorder.

"We manufacture an initial order in one location and the reorder in another," she adds. "The ability to dual source lets us deliver less quantity up front. In effect, our calendar flexibility enables us to optimize inventory."

Every two weeks, Urban Outfitters' supply chain team sits down with the company's other key executives to touch base, assess the fluidity of a process that includes more than 1,500 vendors, and discuss needed changes or adaptations.

In the case of concept-to-market, the goal is to reduce the time from designer concept to store shelf from 18 weeks down to nine or 10.

FAR EAST FOCUS

To do that, the company has focused much attention during the past two years on the Far East, where it sources all its private brand merchandise from about 15 different vendors. Private brands currently make up about 50 percent of the

Building Brands That Suit The Customer

Founded in 1970 when its first store opened at the University of Pennsylvania, Urban Outfitters is today comprised of roughly 120 Urban Outfitters locations, 110 Anthropologie stores, 15 Free People sites, and a single Terrain location.

Each of the brand's stores is built around a unique, boutique-like design, and each targets different customers.

The Urban Outfitters brand targets 18-to-26-year-olds who have "graduated" from their parents homes to apartments or college dorms, and are looking to differentiate themselves from their peers during the "dating and mating phase of their lives," said John Kyees, Urban Outfitters' chief financial officer, at a recent William Blair & Company growth stock conference.

Anthropologie is targeted to well-educated and affluent 30-to-45-year-old women with homes in the suburbs, he said, while the Free People brand is aimed at customers in their late 20s or early 30s, who consider themselves more "bohemian."

CONTINUED FROM PAGE 89

product Urban Outfitters sells.

Typically, the merchandise process begins with the designer, moves on to the raw materials merchant and the production person, then to an agent who helps facilitate the production process. Only then does it move on to the factory.

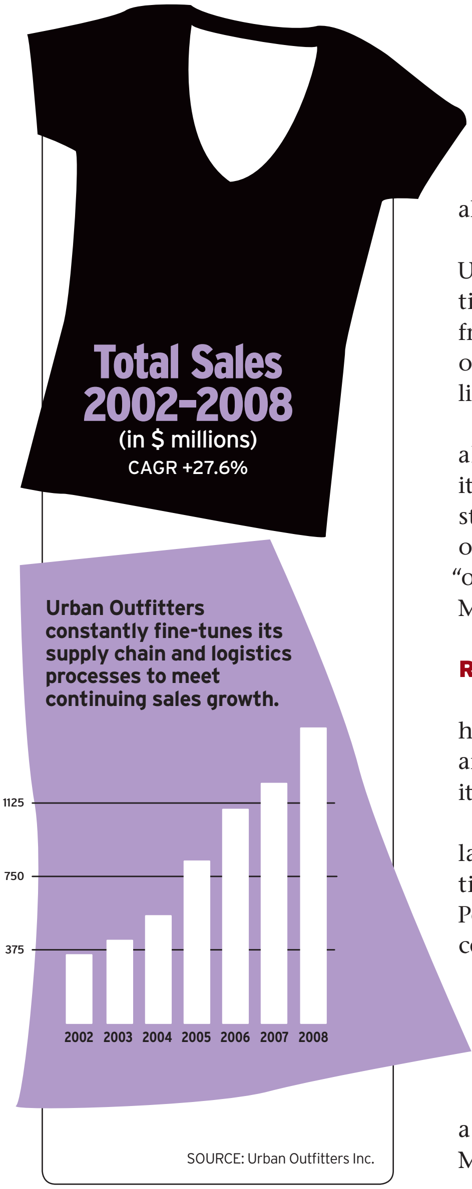
To tighten turnaround time on products, Urban Outfitters has taken a closer look at its relationships with agents.

"Although we have eliminated some agents, we are not completely removing them from the process," Rozsas says. "Rather, we're striving to ensure that collaboration between our agents and vendors is as efficient and effective as possible.

"Toward that end, we hold agent training sessions both domestically and abroad to ensure everyone working within the brand is on the same page in terms of aesthetics, goals, and objectives," she says.

In instances where agents have been eliminated, Urban Outfitters has begun to work directly with its overseas factories. "These changes are all about having partners on the ground who are aware of, and in sync with, what we want to achieve," Rozsas adds.

Taking its direct involvement in the Far East one step further, Urban Outfitters is contemplating establishing a Hong Kong office that will consolidate logistics functions overseas as the company expands distribution there.



TAKING A CHANCE ON RENO

Urban Outfitters has also been restructuring its supply chain operations in anticipation of continued growth. For example, it opened a new West Coast distribution center in Reno, Nev., earlier this year.

While the opening of the new distribution center ended a long-standing relationship with a West Coast third-party logistics provider (3PL), it wasn't a case of dissatisfaction with a long-time partner.

"In fact, the 3PL was a very good partner, but we just outgrew the relationship, which dated back to 1998," McKinney says.

"It became a situation where our volumes were increasing and we couldn't get the services we needed from our 3PL without adding substantially to its costs–and 3PLs are sometimes reluctant to take on additional labor and equipment costs when the customer could walk at any time," he notes.

The new Reno DC relies on high-speed sortation and light-directed picking to speed up the supply chain.

About 15 percent of the merchandise received at the facility goes into reserve storage; the majority is cross-docked to a packing area where it is allocated to the stores the facility serves.

As a result of the streamlined process, Urban Outfitters has reduced turnaround time from distribution center to store from three to four days down to two days or fewer. "And we saved about $1.5 million in facility costs," McKinney adds.

Opening the new distribution center also enhanced Urban Outfitters' ability to grow, allowing for more efficient staging of merchandise as new stores open in a region, and ensuring that "one DC isn't absorbing all the pressure," McKinney says.

RATIONALIZING IT FUNCTIONS

At the same time that Urban Outfitters has revamped its supply chain partners and processes, it has also been refining its technology process.

Toward that end, the company launched a new wholesale information management system in both its Pennsylvania and Nevada distribution centers earlier this year.

"The beauty of the system is that it allows me to choose from a menu of daily reports to assess our overall supply chain and distribution operations and determine what, if any, situations we need to address," McKinney says.

"For instance, our direct-to-consumer channel is time sensitive," he notes. "We like to ship within 24 hours, or even faster if it's an expedited order, and now I can get a daily report that tells me if we succeeded."

Other reports detail shipments by state, by weight, and by carrier. "It's a lot of helpful information that enhances how we manage the supply chain," he says.

But as satisfied as Ken McKinney is with the warehouse management system, he's already looking for ways to enhance it.

In early June 2008, Urban Outfitters announced that it will implement a merchandise lifecycle management suite from TradeStone Software Inc., a private-labels solutions provider based in Gloucester, Mass., across all its brands.

To support the company's sales growth, TradeStone's technology provides McKinney and Rozsas with full end-to-end supply chain visibility from design to delivery.

"Our selection of TradeStone's technology is yet another example of how much due diligence goes into every decision we make," McKinney says. "We looked at a number of systems over 18 months, and while some systems were stronger in areas I cared about and others were stronger in areas Barbara Rozsas cared about, this was the one system that had most of what we both wanted."

TradeStone's system places many different attributes at decision-makers fingertips, McKinney says.

"We like the software's ability to provide us with product visibility at each point in the lifecycle," he says. "The system enables us to more effectively manage exceptions and respond to changing consumer demand."

FILLING THE GAPS

Weighing heavily in TradeStone's favor was the ability to layer its software on top of existing applications in Urban Outfitters' facilities, notes Ann Diamante, TradeStone's senior vice president and chief product officer.

"In this instance, our software fills the gaps in Urban Outfitters' existing system," she says. "For example, we integrate bar-coded labeling directly from TradeStone into the warehouse management system, providing a quicker, more efficient warehouse locator system than the company's existing one."

Because the system reveals supply chain problems in real time, McKinney and Rozsas can respond as soon as issues arise, eliminating the time wasted in learning about a snafu after the fact, then backtracking to fix it.

"The system reduces risk factors and enables Urban Outfitters to move dynamically when it needs to," says Diamante.

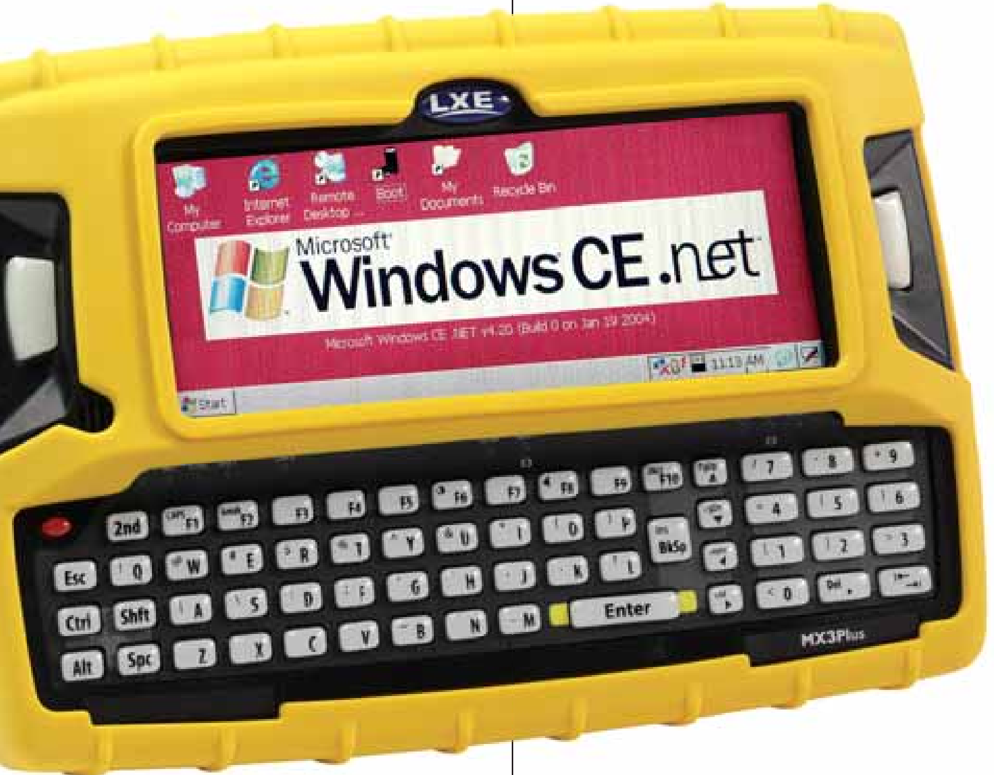
Urban Outfitters plans to phase Tradestone's software into its system over a six-month period.

"There is a lot of pressure when you go live so quickly, but if you don't hold to a tight timetable, it's easy to get derailed," Diamante says.

The effort will be well worth it, if it fulfills Urban Outfitters' ultimate goal, Rozsas says, "ensuring that branded stores have what customers want, when they want it." ■

TECHUPDATE

THE LATEST | IN LOGISTICS TECHNOLOGY



LXE Inc.

WHAT'S NEW: A pair of mobile computers.

THE VALUE: Designed for enhanced display visibility, LXE's new models, the handheld MX3Plus *(pictured)* and vehicle-mounted VX3Plus, are available with two specialized display options. A high-contrast indoor version, suitable for use in low-light environments such as containers and warehouses, is five times brighter than the color displays on LXE's MX3X and VX3X models. A sunlight-readable version uses transflective display technology, making it suitable for direct-sunlight applications.

www.lxe.com
✆ 800-664-4593

web

FKI Logistex

WHAT'S NEW: A multilingual Web site.

THE VALUE: Offering content in seven languages, FKI Logistex's enhanced Web site provides product information and quick access to sales and service representatives around the world for personalized support, customized information, and product details.

www.fkilogistex.com ✆ 877-935-4564

Old Dominion Freight Line

WHAT'S NEW: An equipment-tracking service.

THE VALUE: The *Find Available Equipment* application helps shippers locate containers available for street-turns and/or units available to haul volume shipments near their location quickly and affordably.

www.odfl.com ✆ 800-432-6335

partnerships

ORTEC and TouchStar Technologies

WHAT'S NEW: An alliance to create an oil and gas industry transportation planning and execution solution.

THE VALUE: The solution, which covers telemetry, scheduling, mobile computing, and ERP interfacing, integrates ORTEC's secondary distribution optimization software with TouchStar's on-board vehicle computers.

us.ortec.com ✆ 678-392-3100
www.touchstar.co.uk ✆ 44 0 1274 741860

hardware

Brother

WHAT'S NEW: Two handheld industrial labeling tools.

THE VALUE: The latest additions to Brother's P-touch EDGE series provide on-site, on-demand labeling for warehouse and shipping applications. The PT-7600 and PT-7500 offer cost-effective solutions for creating and printing labels with just a few keystrokes. For larger applications, users can transfer a database to the PT-7600 and search by keyword to insert a phrase or identifier code into the layout function.

www.brother-usa.com ✆ 908-704-1700

software

SEKO

WHAT'S NEW: A global vendor purchase order (PO) management application.

THE VALUE: SEKO's *Supplier PO Management* system facilitates managing multiple purchase orders from

To learn more, contact these companies directly. Remember to mention this issue date and page to get the right information.

multiple vendors by providing end-to-end visibility from the vendor to the warehouse to delivery. All PO entries and changes are recorded and preserved, displaying the original entries, current status, and changes made.

www.sekoworldwide.com ✆ 800-228-2711

DHL

WHAT'S NEW: A global online tracking tool.

THE VALUE: *Global ProView* tracks and monitors time-definite international (TDI) services and provides real-time global shipment status. Designed to meet the needs of shippers with a large number of TDI shipments, *Global ProView* provides access to information on all shipments with a password-protected account number. Available to the U.S. market since 2006, the tool is now accessible to shippers worldwide.

www.dhl-usa.com ✆ 800-CALL-DHL

Inovis

WHAT'S NEW: Partner management software.

THE VALUE: Inovis' *Actionable Intelligence* software monitors electronic orders, ship notifications, and invoices against business rules and compliance guides to help suppliers and retailers quickly uncover problems and create solutions to fix the issues.

www.inovis.com ✆ 877-4INOVIS

Prophesy

WHAT'S NEW: A fuel optimization feature in *Dispatch*.

THE VALUE: Prophesy's *Dispatch* application now generates optimized fuel plans for dispatched loads and electronically sends detailed information to the assigned driver's cell phone or on-board computer, including where to stop, the number of gallons to purchase, the current fuel price, and road/exit information.

www.mile.com ✆ 800-776-6706

XATA Corporation

WHAT'S NEW: Improved digital mapping tools in *XATANET* on-demand fleet operations software.

THE VALUE: Using Microsoft Virtual Earth maps, the upgraded mapping application provides larger and more dynamic maps to help better track exact vehicle location and improve route details.

www.xata.com ✆ 800-745-9282

SICK

WHAT'S NEW: Two bar-code scanners.

THE VALUE: Compact yet powerful, SICK's CLV620 *(pictured)* and CLV630 bar-code scanners suit a range of logistics applications such as distribution warehouses, high-speed packaging, and parcel/postal operations. Both scanners offer onboard serial and EtherNet communication versions, as well as the ability to read poor, partially hidden, and damaged bar codes.

www.sickusa.com ✆ 800-325-7425

NEWSERVICES

YOUR BUSINESS LOGISTICS RESOURCE

Wildeck

WHAT'S NEW: A pivot safety gate.
THE VALUE: Wildeck designed its new safety gate to meet industry demand and pending code requirements for increased safety during forklift loading and off-loading of material on mezzanines, elevated platforms, balconies, and rack systems. With the gate's perimeter railing and integral 4-inch-high kickplate, loading and unloading areas are fully protected, reducing accidents and injuries from falling material.

www.wildeck.com
800-325-6939

Globe Express Services (GES)

WHAT'S NEW: A corporate office in Los Angeles.
THE VALUE: GES Los Angeles serves the Pacific region, providing core 3PL services such as ocean imports and exports, air imports and exports, and customs brokerage. Additionally, the office offers a full slate of warehousing and distribution solutions, including deconsolidation, transloading, and expedited trucking.

www.globeexpress.com 800-874-8827

MHF Supply Chain Solutions

WHAT'S NEW: Door-to-door rail service.
THE VALUE: Carload Solutions bundles rail, transloading, and trucking into an integrated service product under a single invoice, simplifying multi-modal transportation.

www.mhfscs.com 877-452-9300

Emirates SkyCargo

WHAT'S NEW: A low-cost solution for moving temperature-sensitive cargo.
THE VALUE: The lightweight,

CONTINUED FROM PAGE 95

breathable, and reusable protective White Cover shields shipments from heat during transport. Available in two pallet sizes weighing 2.5 pounds and 6.5 pounds, the insulated cover weighs one-tenth of comparable products on the market, making the additional shipping cost negligible.

www.skycargo.com ✆ 800-366-6845

CaseStack

WHAT'S NEW: A warehouse location in Laredo, Texas.

THE VALUE: Beginning Oct. 1, 2008, the new consolidation facility will support logistics from Mexican manufacturing companies to U.S. retailers, especially Wal-Mart. The facility was designed and sited to reduce dock congestion, carbon emissions, supplier transportation costs, and transit time.

www.casestack.com ✆ 866-828-7120

Trinity Transport Inc.

WHAT'S NEW: An office in Dallas.

THE VALUE: The expansion allows Trinity to extend its LTL and flatbed services in the southwestern United States.

www.trinitytransport.com ✆ 800-846-3400

MD Logistics

WHAT'S NEW: An expanded pharmaceutical distribution operation in central Indiana.

THE VALUE: MD Logistics plans to construct a 15,000-square-foot pharmaceutical-grade cold storage facility near Plainfield, Ind., outside Indianapolis. Opening in 2009, the facility will meet all U.S. Food and Drug Administration and current Good Manufacturing Processes standards.

www.mdlogistics.com ✆ 317-838-8900

Con-way Inc.

WHAT'S NEW: A multimodal division.

THE VALUE: Providing expanded freight brokerage capabilities and services in the third-party logistics and multimodal freight transportation business, Con-way Multimodal arranges carrier services for over-the-road, intermodal, flatbed, heavy haul, and specialized transportation for truckload shipments throughout North America.

www.con-way.com ✆ 734-994-6600

Lufthansa Cargo

WHAT'S NEW: Non-stop flights to Toronto.

THE VALUE: Twice a week, a Lufthansa MD-11F freighter flies from Frankfurt to Toronto. After a brief stop, the flight, which has a capacity of nearly 100 tons, returns to Frankfurt via Atlanta.

www.lufthansa-cargo.com ✆ 800-542-2746

APM Terminals, Port Elizabeth

WHAT'S NEW: The addition of four new container cranes.

THE VALUE: The new electric cranes, which bring the New Jersey port's count to 15, can serve the largest vessels afloat with a reach of 22 containers across.

www.apmterminals.com ✆ 908-558-6000

4 Elements Inc. (4-E)

WHAT'S NEW: A Kansas City, Kansas, branch.

THE VALUE: 4-E's 10th branch allows the logistics company to expand services in the central United States through increased carrier coverage and trip efficiencies.

www.4elogistics.com ✆ 888-616-0443

Isuzu Commercial Truck of America

WHAT'S NEW: A series of low cab forward trucks.

THE VALUE: The 2009 N-Series line's data recording module provides a vehicle health report showing the condition of the engine, transmission, emissions, and brakes, plus fuel economy and driver operating habits.

www.isuzucv.com ✆ 866-441-9638

To learn more, contact these companies directly. Remember to mention this issue date and page to get the right information.

Solomon Consulting LLC

WHAT'S NEW: A trucking division.
THE VALUE: The division's consultants offer guidance on cost reduction opportunities, management controls, and process improvement to shippers using outsourced services or operating private fleets.

www.solomon-consulting-llc.com
928-684-6168

NYK Line

WHAT'S NEW: A restructured Atlantic North-South Express (ANS) service.
THE VALUE: Operating six 1,100-TEU vessels on a fixed-day weekly period, the service covers the main ports of the east coast of South America, Venezuela, Dominican Republic, and the east coast of North America.

www.nykline.com 888-695-7447

Weber Distribution

WHAT'S NEW: A facility in Portland, Ore.
THE VALUE: Located within the main Pacific Northwest transportation and warehousing corridor, Weber Distribution's 12,500-square-foot distribution facility expands its coverage in the region.

www.weberdistribution.com
877-624-2700

Grand Alliance

WHAT'S NEW: Enhanced service between the Mediterranean and Asia.
THE VALUE: Valencia, Spain, has been added as a port of call to the service, which originates and ends in Busan. The route deploys eight vessels, each with a capacity of approximately 6,000 TEUs.

www.oocl.com 888-388-OOCL

Estes Express Lines

WHAT'S NEW: Terminals near Minneapolis and Seattle.
THE VALUE: The terminal in Mankato, Minn., offers direct service to south-central Minnesota and supports businesses in the Twin Cities metropolitan area, while the Everett, Wash., facility supports northwestern U.S. trade and provides in-depth coverage to the Canadian border.

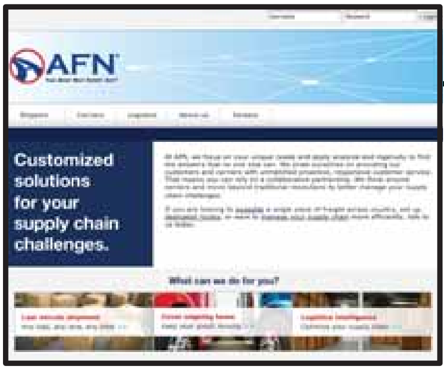
www.estes-express.com 804-353-1900

SEKO

WHAT'S NEW: An office in Germany.
THE VALUE: SEKO's headquarters in Frankfurt and six facilities throughout Germany offer international air and ocean freight services, warehouse management, and customs brokerage.

www.sekoworldwide.com 800-228-2711

3PLs

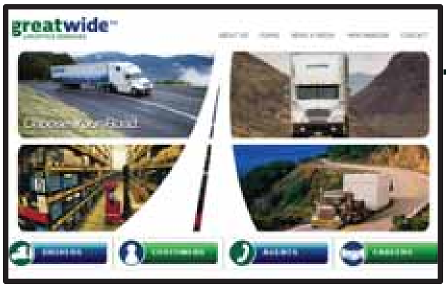


AFN-Advantage Freight Network • www.afnww.com

Advantage Freight Network focuses on customer needs, and applies analysis and ingenuity to find the answers that no one else can. AFN takes pride in providing customers and carriers with unmatched proactive and responsive customer service. That means you can rely on a collaborative partnership. AFN thinks around corners and moves beyond traditional resolutions to better manage your supply chain challenges. If you are looking to expedite a single piece of freight cross-country, set up dedicated routes, or just want to manage your supply chain more efficiently, talk to AFN today.

Diamond Logistics • www.diamondlogistics.com

As a third-party logistics company, Diamond Logistics offers a full range of quality, customized global transportation, logistics, and retail supply chain management solutions that afford customers a distinct competitive advantage. As a non-asset-based logistics provider, Diamond Logistics has the independence to make selections based on your needs alone. Let Diamond Logistics be proactive for you; visit the Web site today for more information.



Greatwide Logistics Services • www.greatwide.com

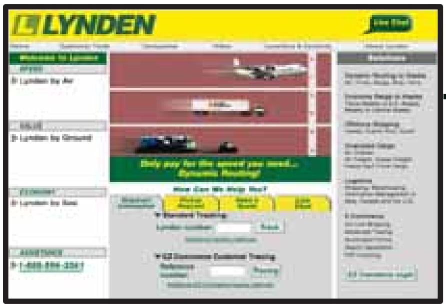
Dallas, Texas-based Greatwide Logistics Services is one of the nation's leading non-asset-based transportation, third-party logistics, warehouse/distribution, and truckload brokerage solutions providers. By operating four primary business units–dedicated transport, truckload management, truckload brokerage, and distribution logistics–Greatwide Logistics Services can provide its customers with a fully integrated range of transportation and logistics management services.

Jacobson Companies • www.jacobsonco.com

What can we do for you? When it comes to supply chain management, the answer is: Leadership, Innovation and Quality Solution. Everything we do: warehouse operations and management; freight management; full truckload and asset-based solutions; contract packaging and manufacturing services; total staffing solutions; and temporary services. We center these services around our companywide Can Do commitment to you.

IN THIS SECTION:

3PLs



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.

Reviva Logistics • www.revivalogistics.com

Reviva Logistics specializes in third-party warehouse and asset-based outbound and reverse logistics services for the automotive, tire, and general transportation industries. Reviva combines breakthrough innovation with day-in, day-out consistency and focus on inbound container/truckload receiving management; total warehouse management; outbound shipping management and freight carrier optimization; EDI integration capability with all OEM operating systems; and last mile nationwide outbound and reverse logistics capability. If you are interested in learning more about Reviva Logistics and exploring real-world success stories, please visit the Web site.

Robert Transport • www.robert.ca

Put Robert Transport's strength to work to reduce your costs, whether you need full load, LTL, warehousing, distribution, specialized, or logistics services in the United States or Canada. Robert will meet your precise, pre-determined deadlines. The company's attention to every detail ensures it delivers your order accurately and without complications, respecting your deadlines and preserving the integrity of your merchandise.

Sunteck Transport Group • www.suntecktransport.com

Sunteck Transport Group, a wholly-owned subsidiary of AutoInfo, Inc., is largely an agent-based provider of logistics services. With both brokerage and carrier operating authority, Sunteck's portfolio of services includes full truckload brokerage, contract carrier/asset management, less-than-truckload, intermodal, expedited, government, and third-party logistics.

FREIGHT BILL AUDIT/PAYMENT

Cass Information Systems • www.cassinfo.com

Cass is an information services company with a primary focus on transaction processing in the area of payables and payables-related services. Cass performs transaction processing at the highest levels in an integrated, efficient, systematic approach using proven core competencies: data acquisition, data management, information delivery, and financial exchange. Since its founding in 1906, the Cass organization has continually renewed and reinvented itself in response to a changing and challenging marketplace. Find out more at the Cass Web site.

COGISTICS • www.cogistics.com

COGISTICS is the new standard in freight payment and audit. We have developed our PAY system from the ground up by listening to customers. COGISTICS offers extensive online reporting capabilities; 24/7 online inquiry with freight bill image lookup; weekend, month-end, and year-end freight accrual data; complete audit of customhouse brokerage invoices; currency normalization; and an interactive/searchable data/document image CD. To find out how COGISTICS can turn your raw transportation data into business intelligence via our PAY process visit the Web site or call us: 863-647-9389.

CT Logistics • www.ctlogistics.com

CT Logistics is a multi-faceted organization comprised of three distinct, yet closely related companies. Its core strength and expertise is centered on freight audit and freight payment as well as rating solutions. The Commercial Traffic Company (CT) is a third-party freight audit and freight payment company that performs pre-audit, freight payment, and post-audit services for hundreds of organizations dispersing billions of dollars annually for freight costs. Its premier service offering, AuditPay, capitalizes on the robust functionality of FreitRater™ to benefit client companies wanting a precise pre-audit and payment process performed.

nVision Global • www.nvisionglobal.com

nVision Global offers complete Web-based freight bill audit and payment software, capable of capturing from 24 to 110 pieces of information from carrier freight bills and other related documents. Date verification is performed automatically to ensure the accuracy of crucial information on your freight bills by cross-referencing against bills of lading, purchase orders, and others. Pricing audits are also performed to verify freight bill prices based on your own negotiated carrier pricing agreements. Freight charges are also itemized to include accessorial charges and other shipping expenses. Tolerances based on dollar amounts or percentages can be set, and multiple allocations of accounting codes are possible.

PowerTrack • www.powertrackglobal.com

The PowerTrack Network effectively collaborates with customers around the globe to create solid links between physical supply chain events and financial processes and payments. Since the beginning, PowerTrack has allowed its customers to use supply chain data to make faster, more accurate payments for supply chain partners worldwide—vendors are paid within days, not months. The results are lower supply chain costs and increased financial control and visibility. To learn more about how PowerTrack can help you, visit www.powertrackglobal.com.

INTERMODAL

Matson Navigation • www.matson.com

Matson is a leader in Pacific shipping and most noted for its long-standing service to Hawaii, Guam, and Micronesia. Matson's China-Long Beach Express offers premium, expedited service from Ningbo and Shanghai to Long Beach, including a guaranteed expedited service option to many U.S. destinations. Its subsidiary, Matson Integrated Logistics, is one of the nation's leading logistics providers, with expertise in all aspects of U.S. mainland transportation: truck, rail, and air.

LOGISTICS IT

myLogistics • www.mylogisticsinc.com

myLogistics™ provides quality technology solutions designed to meet the unique logistics needs of clients. Its core products, based on more than 15 years of development experience, include: routing, scheduling and optimization; Web-native TMS functionality; and private and dedicated fleet delivery solutions including online GPS visibility. A newly released, fully integrated mobile solution can be implemented to complement these services. The comprehensive, yet affordable, offerings are driving immediate, real savings and efficiencies today with a number of top companies.

OCEAN/LAND

Matson Navigation • www.matson.com

Matson is a leader in Pacific shipping and most noted for its long-standing service to Hawaii, Guam and Micronesia. Matson's China-Long Beach Express offers premium, expedited service from Ningbo and Shanghai to Long Beach, including a guaranteed expedited service option to many U.S. destinations. Its subsidiary, Matson Integrated Logistics, is one of the nation's leading logistics providers, with expertise in all aspects of U.S. mainland transportation: truck, rail, and air.

SITE SELECTION

TVA Economic Development • www.tvaed.com

TVA's GIS-based Web site helps businesses and site selection consultants identify the best properties available in the 80,000-square-mile TVA region. Search for available properties and buildings, find demographic data, and download maps at TVAsites.com. Your source for economic development information and services in the seven-state TVA region is TVAed.com.

SMARTWAY

EPA SmartWay • www.epa.gov/smartway

In 2004, EPA launched SmartWaySM – an innovative brand that represents environmentally cleaner, more fuel-efficient transportation options. In its simplest form, the SmartWay brand identifies products and services that reduce transportation-related emissions. The impact of the brand, however, is much greater as the SmartWay brand signifies a partnership among government, business, and consumers to protect the environment, reduce fuel consumption, and improve air quality. All EPA SmartWay transportation programs result in significant, measurable air quality and/or greenhouse gas improvements while maintaining or improving current levels of other emissions and/or pollutants. Find out what you can do to save fuel, money, and the environment with SmartWay.

Maryland Motor Truck Association • www.mmtanet.com

Maryland Motor Truck Association is a trade organization serving 1,000 members. MMTA strengthens the trucking industry by offering an array of services to its members. These include conducting compliance training programs, providing substantial discounts on business services and trucking supplies, keeping members informed on important issues, and serving as the voice of Maryland's trucking industry on legislative and regulatory affairs.

New Jersey Motor Truck Association • www.njmta.org

The New Jersey Motor Truck Association (NJMTA) represents the trucking community serving the great state of New Jersey. NJMTA is the voice of New Jersey's trucking industry before state and federal legislatures, government and regulatory agencies, the public and the media. Because the efficient delivery of goods by truck is essential to New Jersey's economy, when the NJMTA speaks out on trucking issues, we're advocates for the interests of all our state's businesses, institutions, and families.

IN THIS SECTION:

Smartway–Trucking

Ryder • www.ryder.com

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Trucks

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THE LAST MILE

Wheeled Victory

August 2008 was a month of fierce competition, the culmination of years of training and dedication to achievement. We're not talking about the Summer Olympics in Beijing, even though that event received a bit more media coverage than the 71st annual National Truck Driving Championships (NTDC), held in Houston on August 19-23. For professional truck drivers, the NTDC, known as the "Super Bowl of Safety" to insiders, was the preeminent contest of the dog days.

Sponsored by the American Trucking Associations, the competition tested 375 of the country's best drivers on safety knowledge, equipment expertise, and driving skills. Representatives from all the major carriers maneuvered nine types of trucks–from straight trucks to auto transporters–through obstacle courses that tested their abilities to judge distances, maneuver in tight spaces, and guide vehicles with precision.

2008 Grand Champion honors went to Dennis Shirar, a driver for Indianapolis-based Heritage Transport LLC. Shirar, who also won the individual straight truck category, has logged more than three million miles over the past 30 years–without accident or injury.

The NTDC Grand Champion may not get his picture on a Wheaties box, but Shirar and his fellow drivers can take pride in bringing professional excellence to U.S. highways.


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