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ANNUAL TRUCKING ISSUE



REGULATION & LEGISLATION

CAN TRUCKERS BREAK FREE?

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Top 100 Truckers

Exclusive Research: Trucking Perspectives

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I ♥
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H.O.S. REGULATIONS**

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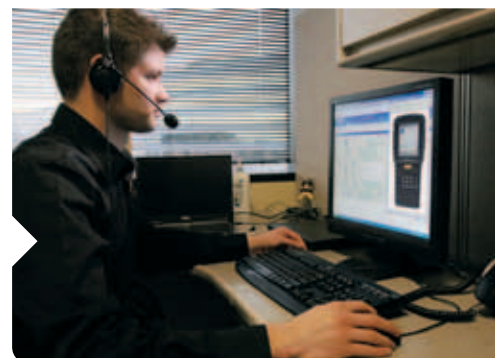
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CHECKING IN

Felecia Stratton

by Felecia Stratton | Editor



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Cutting Through the Noise

Any noise in the trucking industry is better than the alternative. The rumble of engines coming to life, and air horns sounding off with more certain frequency, are welcome signs as the economy waffles between recession and recovery. Still, a growing din in Washington threatens to drown out these echoes of progress.

The U.S. Federal Motor Carrier Safety Administration (FMCSA) has made highway safety a priority over the past few years, and few in the trucking industry can argue against that mission. But the looming impact of Hours-of-Service changes and mainstream adoption of the agency's Compliance, Safety, Accountability (CSA) scorecarding program has carriers on notice—and shippers/consignees taking notice.

Elsewhere, Congress' much-delayed re-authorization of the highway bill offers further measures to ensure safer freight transport. But the extension is merely a temporary plan that lacks an overriding vision for funding and fixing U.S. transportation infrastructure problems.

Carriers and shippers, for their part, are busy working together to find better and more efficient solutions for moving over-the-road freight economically and sustainably.

Inbound Logistics' annual trucking issue cuts through the noise to provide some clarity as we assess the challenges and opportunities that await the trucking industry during this period of rapid change.

Merrill Douglas' *Truckers Get the Message* (page 38) goes inside the Beltway to explore how new and proposed trucking legislation—Hours-of-Service, CSA, and the Safe and Efficient Transportation Act—will impact carriers and their customers. The industry fears new regulations meant to improve safety will sacrifice operational efficiency as capacity and driver shortages loom.

One proposed initiative that the FMCSA would like to enforce is the use of electronic on-board recording devices. In *Goin' Mobile* (page 71), Marty Weil looks at how mobile communication devices provide a more credible evaluation of driver behavior, while enabling better vehicle routing and fuel consumption performance.

To bring all these issues into focus, our annual Trucking Perspectives market research report (page 49) pairs insight from both carriers and shippers to provide a comparative analysis of important industry trends, supported by empirical data and anecdotal observations.

Finally, *Inbound Logistics'* Top 100 Truckers (page 58) puts a name to carriers that are pushing the industry to new service and innovation frontiers. While not necessarily the biggest, the Top 100 carriers offer services that closely match readers' needs. These truckers are making noise for all the right reasons. ■



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A Joint Effort

Felecia Stratton's August 2012 *Checking In* column about the variables that come together to optimize (and sometimes destabilize) supply chain strategy was insightful. I'd never thought about the "internal therapy group" platform the supply management function serves, but the analogy is spot-on.

As Stratton noted, supply chain management savvy spans every industry. John Paugh, founder of Carter Logistics, a company heavily vested in serving Tier 1 automotive suppliers, has developed a patent-pending process that allows shippers to pay for just the amount of freight they wish to transport, but at prices that rival truck-load rates.

The process is particularly of interest in manufacturing plants that want to manage, moment-by-moment, the specific parts they have on hand.

— Susan Miller,

Ewing Miller Communications

Powering Through

I enjoyed Cliff Otto's article *CNG Fuels Trucking Sustainability Efforts* (June 2012), as I believe there are benefits to using natural gas as a transportation fuel in both a compressed and liquid state.

I must make a few points, however.

First, electricity is not a fuel—alternative or otherwise.

To some extent, the fact that natural gas engines produce less particulate matter than diesels has become a moot point as the particulates must now be captured, per current EPA regulations. So it's conceivable that the net output of particulates from a diesel engine would actually be less than that of a natural gas engine.

One might alternatively say that diesel fuel is "safer" than natural gas, as in a liquid form it will not combust readily. And were one to be in a confined area with a natural gas leak, there could certainly be an opportunity for a fire if enough of the gas had escaped and collected.

Otto notes the added cost of natural gas-fueled engines—which is considerable—yet doesn't seem to mention this key point as a reason why more of these trucks are not being purchased and used.

Finally, the word "sustainability" is banded about quite effortlessly these days. But how is trading one fossil fuel (diesel) for another (natural gas) sustainable in any manner?

— John Fischer, Palatine, Ill.

Check the Numbers

In your July 2012 issue, the container volumes graph in *Southeast Ports: What's on the Horizon?* includes a numerical

error in the West Coast data. Under 2005 TEUs, the combined total comes to 20,621,343—not 18,621,343, as printed.

— Ronald Lefcourt,

President, Alliance Shippers Inc.



tweetlog

tweeting it forward:

Tyler Wolfe @WolfeTyler

I can't agree more. @ILMagazine: Economic development and workforce goals must be linked—<http://tspne.ws/PuKAgj> via @MuncieStarPress.

Vaco Logistics @VacoLogistics

Am an artist when I'm not at work, so I LOVED this! @ILMagazine: Paint truck overturns on Brazil highway. Art ensues. See pix—pic.twitter.com/6zxx8HnK

Matt Clarke @TechPad

Great article on warehouse management measurement and metrics > <http://www.inboundlogistics.com/cms/article/warehouse-metrics-measure-what-matters/>

Equinox Solutions @equinoxpeople

What are concerns for U.S. truckers? @ILMagazine: Economy is No. 1 concern for #Ontario truckers: <http://bit.ly/R14f0Z>

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10TIPS

STEP-BY-STEP SOLUTIONS

by Deborah Catalano Ruriani



Controlling Transportation Insurance Costs

Developing rates for cargo in-transit insurance coverage is as much an art as a science. Underwriters consider the products shipped; susceptibility to loss and damage; number of shipments; trade lanes travelled; and transportation methods and modes. But insurance premiums are also driven by a firm's loss history. While some of these variables may be out of your control, you can take steps to help lower your insurance premiums. Barry Tarnef, assistant vice president and senior loss control specialist at the Chubb Group of Insurance Companies offers these tips for managing transportation insurance expenses.

1 Have some skin in the game. Consider different deductible levels for your insurance policy, as this can have an immediate impact on your premium—but remember that the deductible is part of your total cost of risk.

2 Invest in security monitoring. Affiliation with organizations such as CargoNet and FreightWatch may qualify you for a partial or total deductible waiver on certain losses.

3 Become a partner in loss prevention. Incorporating loss control policies, procedures, and devices, such

as asset tracking and monitoring technology, can help improve the likelihood that your goods will arrive at their destination intact and undamaged.

4 Explore other options. Consider alternate risk-transfer techniques—especially the terms of sale, because these may offer opportunities to shift the cost, transportation obligations, and risk of cargo loss and damage to your trading partners earlier in the transaction.

5 Maximize recovery (subrogation) potential. A simple step such as listing the number of customary cargo transport units or packages on an ocean bill of lading can increase the carrier's loss and damage liability. Also, seek out transportation providers willing to offer higher liability limits.

6 Operate in full-disclosure mode. The more your insurance company knows about your operations, shipment preparations, supply chain, and logistics, the more informed underwriting and pricing decisions it can make.

7 Limit the value of individual shipments on single conveyances. Do not purchase insurance limits well beyond the values you anticipate shipping.

8 Maintain a good loss record. Your company's experience, net of deductible, and recovery from the transportation provider or other party responsible for cargo loss and damage are key factors in determining your insurance premium.

9 Hire good logistics partners. The caliber of the transportation companies you use—and the ones in the care, custody, and control of your cargo—is a key underwriting criteria, because they can be your greatest ally or your worst enemy. Using financially sound and well-managed companies with excellent commercial reputations can make a positive difference to you and your insurer.

10 Instill an enterprise-wide risk management mentality throughout your organization. Include all relevant departments—such as compliance, finance, insurance-risk management, logistics, manufacturing, operations, procurement, quality control, safety, and security—in decisions involving planning, execution, and monitoring transportation activities. Not only should these employees have a vested interest in the safety and security of your goods in transit, but they can have an impact on successful shipments. ■



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Amy Polt is operations supervisor, Houston warehouse, for The Mosaic Company, a global provider of crop nutrients. She has served in this position since June 2012.

RESPONSIBILITIES

Supervises daily operations for the Houston warehouse, including all environmental, health, safety, security, shipment, housekeeping, quality, and customer service activities. Manages scheduling for personnel and all inbound and outbound transportation modes.

EXPERIENCE

Nuclear machinist mate, U.S. Navy; logistics coordinator, import/export, C.H. Powell Company & Damco Sea and Air; import specialist, World Express; export specialist, field support, Atlantic Container Line; marine superintendent, terminal yard superintendent, maintenance and repair manager, Ports America, Port of Baltimore.

EDUCATION

Studied mechanical engineering and biochemical engineering, University of Connecticut, 2002-2003; University of Phoenix, AA in business, 2008, and BA in business management with a minor in supply chain logistics, expected completion 2012.

Amy Polt: Safety First

AFTER WORKING IN NUCLEAR ENGINEERING IN the Navy, I moved into logistics when a family friend—Andy Powell of the logistics firm C.H. Powell Company—offered me a position after I left the military. He took me under his wing and became my mentor.

I found that I liked logistics because it allowed me to see how shipments move, both domestically and internationally. I was the person in the middle who could see, every step of the way, how many parties had to be involved to transport goods to their destination. That intrigued me.

One of the scariest career moves I made was moving from the Baltimore area to Houston after my fiancé took a position there. I didn't have work lined up, but a job at The Mosaic Company soon found me.

Mosaic's mission is to feed the world. I grew up on a farm, and I'm involved in a homeless ministry, so that goal hit home. When I saw everything The Mosaic Company and its Houston warehouse

had to offer, it was like watching bits and pieces of my life coming together, completing a puzzle.

Since I started my job at the Houston warehouse, one of my goals has been to further improve our core safety program. Maintaining a clean and safe workplace is a top priority, and we're creating a mentoring program for new hires to achieve that objective. When someone joins our team, an experienced employee teaches them the tricks of the trade and provides on-the-job training.

I'm also working to ensure that everyone knows our "5S" housekeeping procedures—Sorting, Simplifying, Systematic Cleaning, Standardizing, and Sustaining. It's a way to ensure everything

The Big Questions

How do you recharge your batteries?

I spend time with my family. I have a five-month-old and a 16-month-old, plus two stepsons.

Guilty pleasures?

Energy drinks and coffee.

Do you have any hidden talents?

I love to sing; I sang in choirs all through school. And for a while I was flipping

houses. I love to undertake home renovations—installing header beams, knocking out walls, you name it. I'm also a pretty good shot with a handgun or shotgun.

What would be your dream trip?

Backpacking through Europe, especially Italy, with my family. And one of my goals in the next five years is to take a trip across the United States in an RV with my family.

is in its proper place. Starting with a backbone of cleanliness and safety in the facility ensures production will improve.

Mosaic is very proud of its Houston warehouse's safety record. As of July 25, 2012, it had been 241 days since the last time an injury occurred that required first aid; 1,273 days since the last recordable injury; and 547 days since the last release of any industrial material into the environment.

Before I came to Mosaic, I achieved

one of my proudest accomplishments while working for terminal operator Ports America at the Port of Baltimore. A co-worker and I streamlined the process of receiving vehicles for roll-on/roll-off shipping. We implemented various new systems that made the entire operation run more smoothly.

In the future, I'd love to become an operations manager. One of my role models at Mosaic is Pam Baylor, director of warehousing distribution. Her career path

illustrates the way the company develops its workers and promotes from within to build a strong bench.

Another person whose example helped shape my career path is Drake Ferguson, marine superintendent at Ports America when I worked there, and now marine superintendent at Texas Terminals. He once called me a "work warrior" and "a diamond in the rough in a predominantly male industry." I'm proud to have inspired his confidence. ■

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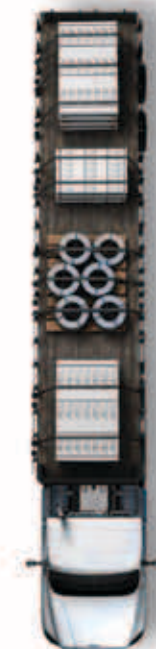
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FACING LOGISTICS CHALLENGES? USE IL'S 3PL EXPERTS AND

NOTED

THE SUPPLY CHAIN IN BRIEF

UP THE CHAIN

▼ **George Wilson** was appointed supply chain director for **Reserveage Organics**, responsible for purchasing, production planning, inventory control, and product fulfillment. During his 25-year career with nutritional product companies, Wilson's achievements included improving margins by more than 10 percent, introducing products that increased sales by 20 percent, and increasing employee performance by more than 40 percent.



Micron Technology named **John Waite** as vice president of global supply chain. Waite manages all aspects of Micron's global supply chain including customer delivery, operational planning, forecasting, and inventory management.

GREEN SEEDS



revised, more aggressive sustainability target that continues to move the expedited carrier forward in an environmentally conscious manner.

Union Pacific will spend \$20 million testing low-emissions locomotives in California. The railroad may eventually test up to 25 locomotives with various low-emissions technology. One, to be based in Roseville, Calif., will use several emissions-reducing technologies, including recirculating exhaust gases. The railroad and the California Air Resources Board will analyze the emissions reductions achieved by that locomotive during the next 18 months.

► Refrigerated equipment provider **Carrier Transicold's PrimeLINE** unit became the first container refrigeration system to receive UL Environment validation for being 93-percent recyclable. PrimeLINE units are made almost entirely of recyclable materials, which consist of primarily metals and some plastics. Carrier Transicold closely monitors new parts or processes to ensure they maintain or improve the PrimeLINE unit's recyclability rate.



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SEALED DEALS

► **Blue Diamond Growers**, a growers' cooperative headquartered in Sacramento, Calif., partnered with third-party logistics service provider **Star Distribution Systems** for temperature-controlled warehousing, order fulfillment, and consolidated LTL transportation in Florida and the southeastern United States.



chemical company's worldwide operations across Europe and Asia. OL&T will also continue to handle commercial transportation services for Vertellus in North America.

Odyssey Logistics and Technology (OL&T) signed a multi-year contract with **Vertellus Specialties Inc.** to manage the specialty

Atrium Medical, a supplier of medical devices used in cardiology and radiology, selected **Menlo Worldwide Logistics** to handle its

product distribution in Europe. The contract covers warehousing and transportation management services throughout Europe, and is operated from Menlo's Eersel, Netherlands, multi-client facility.

Saddle Creek Logistics Services was selected to manage multichannel fulfillment services for **AMG Medical**, a Canada-based manufacturer and distributor of home healthcare and professional medical products. Saddle Creek provides pick-pack-and-ship fulfillment services, as well as warehousing, small parcel transportation management, and value-added services such as processing, kitting, and light assembly.

▼ **DHL Supply Chain** and **Unilever** entered a new agreement focused on collaborative initiatives to increase speed to market and efficiency, reduce costs, and foster sustainable practices. The companies also plan to extend the geographical footprint of existing services, particularly in developing and emerging markets including Brazil, Russia, India, China, and Mexico.



recognition

▲ **Sears Holdings Corporation** named global 3PL **Damco** a **2012 Partner in Transformation**. Sears Holdings grants this award to suppliers that help support the transformation of the integrated retailer through innovation involving customers, core retail excellence, and financial and operational discipline.

RWI Transportation received a **Gold Award** from Great West Casualty Co. as part of the 2011 National Safety Awards program. RWI has several safety initiatives in place within its operations and with owner/operators, including online training programs for drivers, and a "Drive Safe Stay Smart" safety program. As a result of these and other initiatives, RWI reports a low rate of preventable accidents per million miles.

The Ports of Los Angeles and Long Beach recognized container shipping line **APL** with the **Clean Air Action Plan Award** for fighting air pollution. Singapore-based APL was the only carrier recognized in the area of air quality leadership at the corporate level. This is the third major sustainability award for APL since the carrier announced in April 2012 it will cut carbon emissions 30 percent by 2015.





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Rail Innovation Keeps Ag Moving, Despite Drought

The drought that plagued much of the Midwest in summer 2012 has had a marked impact on agriculture supply and, consequently, food prices, placing an inordinate amount of pressure on supply chains to squeeze out as much extra cost as possible. While much of the news has been gloom and doom, some glimmers of progress are emerging—especially on the transportation side.

by Joseph O'Reilly

North Dakota has experienced a commodity-driven bonanza over the past few years with the oil field rush in the Bakken shale and Three Forks formations, and its established reputation as one of the top wheat-producing U.S. states. It has also become a hub for containerized rail movement thanks to an initiative spearheaded by BNSF Logistics.

The third-party logistics provider has been working with North Dakota Port Services, BNSF Railway, Ocean Carrier Partners, and agricultural and oil field shippers to put in play its “ag in a box” solution. The service does exactly what its name suggests—moving containerized agriculture for export to Asia while bringing back oil and gas commodities

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such as frac sand. In effect, BNSF Logistics has engineered a closed-loop supply chain solution for the region's two strongest industries.

The recent Midwest drought has done little to slow progress. In some ways, it's actually driving more business to North Dakota. "We were moving 40 containers inbound and outbound per week in 2011," says Ashley Ritteman, regional business development manager for BNSF Logistics. "Now we move up to 420 containers — a tenfold-plus increase.

"We are not anticipating any slowdown," she adds. "In fact, we predict higher demand for containerized exports out of our Minot, N.D., terminal, because North Dakota's crops haven't been as affected by the drought as those in other Midwest areas. The state expects an above-average yield for the year."

Agribusinesses and commodity traders are shifting their attention to North Dakota to fill supply contracts that would otherwise be sourced from states such as Iowa and Illinois — complementing robust investment and development in the state's oil and gas industry.

BNSF Logistics' ag in a box solution is bringing shippers in from as far afield as Montana, Minnesota, South Dakota, and the Canadian provinces of Manitoba and Saskatchewan — a 600-mile radius where the dray to BNSF Railway's Minot ramp is still competitive. Volumes coming south from Canada (40 miles north of Minot) have spiked, especially after the Canadian Wheat Board, which marketed and monopolized grain trade in the country, dissolved on Aug. 1, 2012.

Using containers to move grain exports offers significant advantages over other bulk methods. In addition to possible transloading efficiencies, companies can sell the fact that product remains intact and untouched from origin to destination. Large-volume shippers can also compare the containerized rate to what they ship via bulk, gaining economies by buying in smaller volumes.

"Markets are very volatile right now,"

says Ritteman. "Companies that buy grain in large quantities, at locked-in prices, are exposed to more risk if that price fluctuates. Purchasing containerized product helps companies hedge risk."

BNSF Logistics supports the cause by pacing inbound volumes to forecasted export demand. For example, it can transload imported frac sand into boxcars and hopper cars if inbound volumes are greater than outbound movements,

thereby managing container capacity so that shippers aren't stuck with demurrage charges.

While North Dakota is the only region where BNSF Logistics has identified reciprocal container demands that facilitate a shared transport solution, it is continuing to explore other circumstances where closed-loop networks can help accelerate equipment turns, improve asset utilization, and drive better economy.

Railcar Data Signals Cooling Economic Trends

Railcar data often offers clues about where the economy is trending, especially in industrial activity, energy exploration, and international trade—all of which account for a disproportionate share of economic growth—according to a recent report by Wells Fargo.

The recent downward shift in economic

tradewinds is no different. Overall railcar shipments have increased 1.2 percent over the past year, continuing a recent deceleration consistent with the global economy's slowdown. Intermodal traffic is up 4.6 percent year-over-year, with container traffic up 6.4 percent and trailer traffic down 9.3 percent.

Container traffic, which accounts for 90 percent of intermodal freight, has moderated significantly since late June 2012, when it was up 10.4 percent year-over-year. The slowdown likely reflects weakening in international trade that is not yet apparent in the merchandise trade figures.

Railcar data does not yet indicate the impact of the recent U.S. drought. Grain shipments are up 2.9 percent year-to-year, and shipments of other farm products are up 6.1 percent. Shipments have been bolstered by low water levels on the Mississippi River, which diverted some barge traffic.

The most dramatic turnaround in rail-road traffic has been in lumber shipments, which have gained momentum over the past year and are currently up 16.1 percent. The increase reflects gains in homebuilding. The leading states for lumber shipments are Oregon, Washington, and South Carolina.



Accounting for 90 percent of intermodal freight, container traffic growth has slowed significantly since late June 2012.

Procter & Gamble, EPA Partner on Sustainability

Procter & Gamble and the U.S. Environmental Protection Agency (EPA) National Risk Management Research Laboratory have signed a five-year Cooperative Research and Development Agreement (CRADA) to create new tools that optimize sustainability improvements in manufacturing facilities and their associated supply chains.

The agreement is part of P&G's long-term environmental sustainability goals: powering its plants with 100-percent renewable energy; using renewable materials for all its products and packaging; reducing consumer or manufacturing waste; and designing quality products using resource conservation.

In order to meet this commitment, the consumer goods company needs new methods and tools to help optimize design and decision-making across a range of operations and supply choices, as well as various environmental sustainability measures. The EPA has developed a comprehensive list of sustainability metrics and performance indicators that can be used to quantify manufacturing and supply chain sustain-

ability, while P&G maintains a diverse set of manufacturing operations and supply chains that can be leveraged to optimize how such metrics are used to guide improvement.

The work under CRADA will leverage P&G's manufacturing and supply chain knowledge with the EPA's work on metrics to develop a modeling and assessment tool that can be used to evaluate future product design, material sourcing, and manufacturing options.



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Nussbaum Scores Winning Driver Incentive Program

The Federal Motor Carrier Safety Administration's (FMCSA) Compliance, Safety, Accountability (CSA) program has raised a number of concerns among trucking companies. Some carriers have openly criticized the new regulations, speculating how ship- pers will interpret ratings, the impact CSA scores will have on driver recruit- ment and turnover, and how they expose liability risk. Others, however, are embracing the mandate as a chal- lenge to encourage positive change within their organizations.

Normal, Ill.-based Nussbaum Trucking, for example, has partnered with insurance brokerage firm HNI Risk Services to develop an internal performance program that it terms Driver Excelerator. The scorecard measures elements directly linked to the company's bottom line, including operations, safety, and fuel use.

Over the past three years, Nussbaum has been able to incor- porate the program into its daily operations with marked results: more engaged drivers who understand the direct connection between their performance, the success of the com- pany, and their own compensation; 25-percent lower driver turnover; and reduced fuel consumption due to better driving habits and purchas- ing decisions.

Inbound Logistics caught up with Brent Nussbaum, CEO of Nussbaum Trucking, to talk about the Driver Excelerator program.

Q: How did the collaboration with HNI Risk Services begin?

A: We have partnered with HNI for about five years. Its idea is to not just sell insurance but also counsel car- riers on ways to improve operations. One of its executives, who has 25 years of experience in transportation operations, noted we were making some positive efforts to improve safety

performance, but suggested that we could do more. HNI had been using an Excel- based scorecard for about 10 years, but the method was primitive. They knew we had

some IT capabilities, so we started talking.

Under our existing program, company managers encouraged drivers, but were not getting as much return as desired. We decided to take a modular approach to improvements, starting with safety, then fuel, and, finally, operations. We asked our IT department to develop software that would tie Nussbaum's operating system into this scorecard. If we kept adding detail to the sys- tem, as drivers improved, we would achieve bottom-line savings we could then share with them. It has been far more successful than we ever thought it would be.

Q: Did you have FMCSA's CSA ini- tiative in mind when you started developing this internal program?

A: CSA was on our radar. Starting with safety concerns, we asked what other daily driver responsibilities we could measure and improve. We considered everything we could tie to a score, provide feedback on, and reward. Looking at a broader set of criteria allows you to drill down and make more informed and quicker decisions about drivers who are poor performers.

Q: How does the scorecard com- ponent tie into compensation?

A: Drivers receive a monthly score- card, rating them as an A, B, C, or D driver. Technically, we don't have any C or D drivers. Based on accu- mulated points (*see sidebar*) they are awarded gold, silver, or bronze rec- ognition, which corresponds with a quarterly bonus. This provides driv- ers a clear path toward improving their performance and compensation. Every driver wants to be perceived as a gold-level driver, regardless of what they say. Recognition is important.

Q: How does this program com- pare with previous efforts?

A: There is no comparison. We didn't have accurate data to

EXCELLENCE TO THE THIRD DEGREE

Nussbaum's Driver Excelerator program awards points based on driver performance in three categories:

1. Operations

PRODUCTIVITY—measures tasks the driver performs.

ON-TIME DELIVERY—customer service excellence is a primary benchmark.

BEST ROUTE—recognizes drivers who get from Point A to Point B via the most efficient route.

ATTENDANCE—better attendance translates into greater productivity.

2. Safety

HOURS OF SERVICE—credits drivers who properly maintain their electronic logbook and adhere to Hours-of-Service regulations.

ACCIDENTS—the more serious the accident, the greater the impact on the driver's score.

MOVING CITATIONS—measures events that impact the driver's motor vehicle record.

SUDDEN DECELERATIONS—an indicator of higher-risk drivers.

ROADSIDE INSPECTIONS—ties into CSA scores. Clean inspections are rewarded through a quarterly bonus system.

3. Fuel

FUEL-EFFICIENT DRIVING—tracks fuel use.

LOW IDLE PERCENTAGE—ties to fuel savings.

FUEL PURCHASE COMPLIANCE—gives drivers the three most cost-effective fuel stops along every 200-mile stretch.

distinguish one driver from another. The information we had wasn't sufficient to assign each driver a valid classification.

Traditionally, most carriers have rewarded drivers based on safety record. They might award a bonus for low fuel consumption, but not productivity. But now, when we send drivers loads, for example, the system tells them the best route to travel—that's part of the scorecard. If they go off route, the scorecard will reflect that.

Prior to integrating this program, drivers received a scorecard, but were paid bonuses only at the end of the year. We realized bonuses should be paid more regularly, as drivers accumulate points.

Most of our efforts were related to safety scores. The operational part wasn't present, so that is what we have built. We rewarded drivers for fuel purchase compliance, but now we address low idling and fuel-efficient driving, for example.

"The Driver Excelerator program provides drivers a clear path toward improving their performance and compensation. Every driver wants to be perceived as a gold-level driver."

—Brent Nussbaum, CEO, Nussbaum Trucking

Q: In addition to grading driver performance, how are you empowering them to operate better?

A: We invited the driver who was getting the best mileage in our fleet to work as a manager. One year ago, we challenged him to research other methods to reduce fuel consumption. Then we started sending him out on routes to help other drivers optimize their fuel use.

Every week, he takes drivers out on a pre-determined route. First they drive, then

he takes over. The third time, they drive and use tips he shares with them. We've been able to boost driver performance as much as two miles a gallon, which is huge.

Q: What is the next step?

A: HNI has decided to take this model to the market—albeit in a different format. By building a similar product, it can demonstrate to fleet owners the potential of incorporating a similar scorecarding program that increases safety and productivity performance. ■



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THE WORLD AT A GLANCE

by Joseph O'Reilly

Brazil Invests in Infrastructure

Infrastructure performance and transportation connectivity have long dogged Brazil's efforts to grow its economy. But the overwhelming success of London's 2012 Summer Olympics, and the mantle of responsibility and expectation that befalls the next in line, may force the issue.

Brazilian President Dilma Rousseff recently announced a \$60-billion-plus investment package to enhance the country's failing road and rail systems—part of efforts to solve serious transportation bottlenecks, spur a sputtering economy, and perhaps save face to the global community when it plays host to the 2014 World Cup and 2016 Summer Olympics.

The project includes adding 6,200 miles of rail track and building or widening 4,660 miles of federal highways. The government is expected to soon announce other projects aimed at airports, ports, water transportation, and any other areas where serious deficiencies are hobbling the country's growth.

Brazil's economy has performed well during the past decade, and has been largely unaffected by the global economic crisis that swept across the United States and is now plaguing Europe. But long-term growth expectations are muted by current transportation and logistics obstacles. For example, this recent stimulus is projected to alleviate bottlenecks that make it challenging to move large volumes of natural resources from far-flung fields and mines to foreign markets—commodity trade vital to important export sectors.

Brazil is investing \$60 billion in projects addressing traffic bottlenecks and poor road conditions.

China, North Korea Get in the Zone

Kim Jong-Il's death, and the succession of his son Kim Jong-un to the throne, raised speculation that North Korea may be on the precipice of something more than a generational change at the helm. And it may have some help from a close ally.

China and North Korea are speeding development of two special economic zones on their shared border in a bid to shore up North Korea's crumbling economy, according to a *Los Angeles Times* report.

As North Korea's chief ally and anchor of a \$5.7-billion trade relationship, China is also a key resource for a country that has been economically isolated because of U.N. sanctions, as well as poor roads and utilities.

China will supply infrastructure and power to the two economic zones. One is located on islands in the Yalu River and will focus on tourism, finance, and technology; the second is situated in northeast North Korea and

will develop logistics and manufacturing.

The move underscores the value China sees in North Korea—namely a labor pool of 25 million people. As production costs continue to rise with China’s middle class, especially along the eastern coast, it sees ample opportunity to tap cheap manufacturing next door.

North Korea has a reputation for exporting workers to other countries—notably Russia, but more recently China, too—and pocketing the profits rather than investing in its own domestic industries and infrastructure. China would prefer it take the latter approach as a measure toward building more stability in eastern Asia.

Whether North Korea can leverage this latest opportunity to enact economic reform, or Kim Jong-un is merely exploiting this gambit to solidify his new position of leadership, remains to be seen.

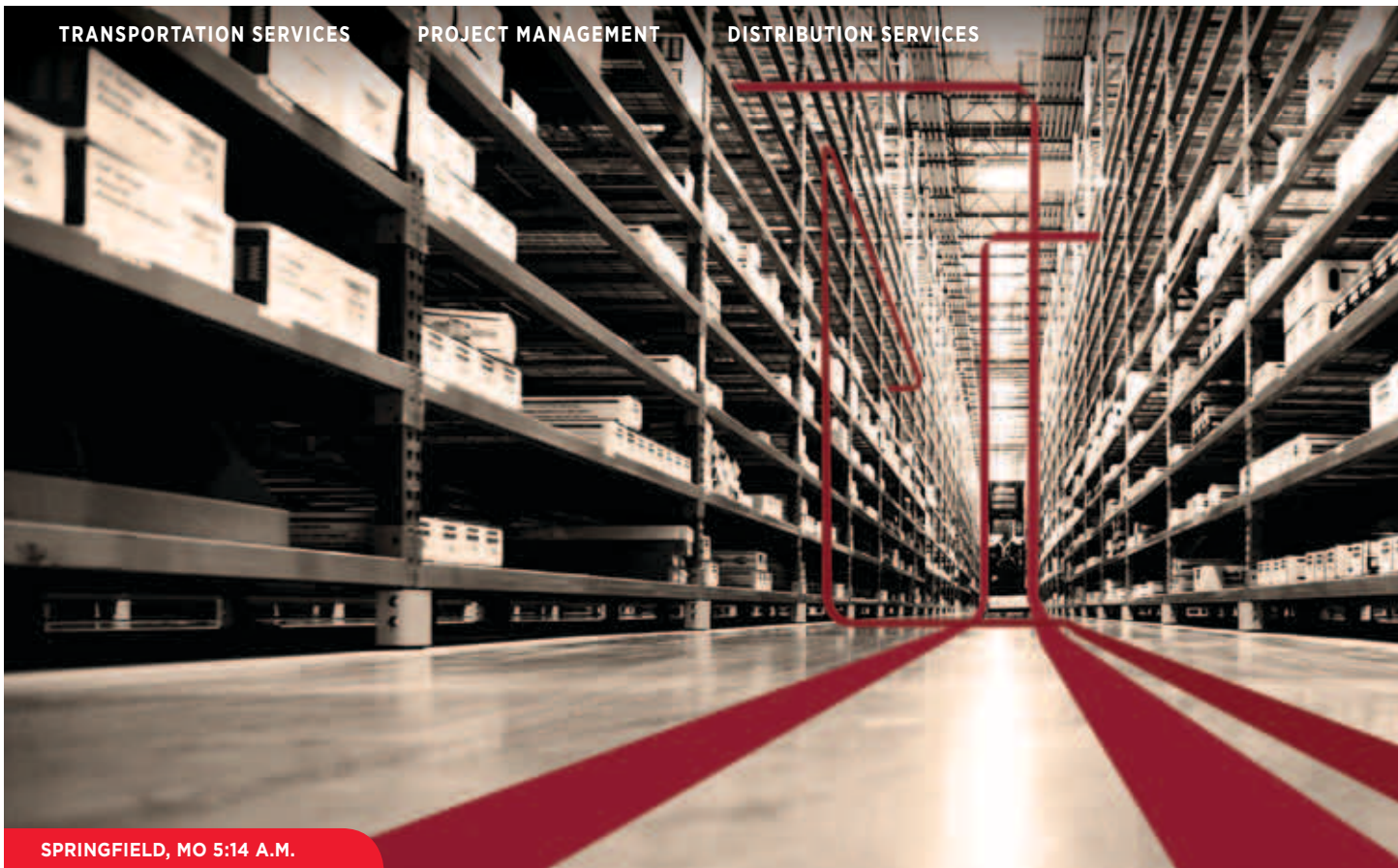
UK Parcel Customers Receive Royal Treatment

UK mail and parcel delivery services are becoming more feature-friendly. For the first time, Royal Mail will begin leaving packages with neighbors under a new “Delivery to Neighbor” initiative. The initiative follows a pilot period where 92 percent of Royal Mail customers whose item was left with a neighbor offered positive feedback about the experience; 90 percent of neighbors responded in kind.



As part of Amazon’s CollectPlus program, local stores such as Spar accept package deliveries, hoping to drive increased foot traffic.

If the “flat next door” isn’t a good enough option, shippers might consider using Amazon’s new CollectPlus delivery service, also exclusive to the UK. The program allows customers to have goods delivered to any one of 4,700 local corner shops in its network. The shops provide a local collection and drop-off point with extended hours of business that are more accommodating to people with busy work days.



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U.S. Imports for Select Agriculture Products

U.S. imports of food items – mainly fruits and vegetables – increased significantly in the first quarter of 2012. The majority of products shown in the chart originate in Canada and Mexico.

- Fruits, Frozen Juices
- Vegetables
- Green Coffee
- Food Oils, Oilseeds
- Feedstuff & Foodgrains



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THE WORLD AT A GLANCE

Panama Tips Hat to Apparel

With so much buzz about the “grand re-opening” of the canal in 2015, Panama is quietly plotting its own trade development strategy—as evidenced by a recent partnership between Panamanian company Exclusive Brands Logistics (EBL) and Damco Panama. The deal promotes imports and re-exports of apparel and fashion between Asia, the Colón Free Zone (CFZ), and Latin American destinations.

EBL, which manages luxury brands such as Ralph Lauren, Calvin Klein, Michael Kors, Anne Klein, and Izod, provides value-added services including packing and labeling to the fashion and apparel industry in the CFZ, a commercial distribution center located at the Atlantic gateway of the Panama Canal.

Under the agreement, Damco complements EBL’s capabilities with supply chain, transportation, and freight forwarding services from source to final destination. Together, the partners will promote Panama as the logistics service center to regional and global businesses looking for strategic, cost-competitive solutions to bring products to the Americas.



Damco partnered with Exclusive Brands Logistics to provide supply chain, transportation, and freight forwarding services in Panama.

The current evolution in Panama’s logistics infrastructure is expected to be a game-changer for inbound supply chains from Asia to the Americas. Companies looking to develop transformational hub and distribution solutions will be able to move decision-making much closer to final markets and react more quickly to changes in supply and demand, ultimately providing better service to their end customers, says Alison Clafin, chief commercial officer in Latin America for Damco. **[I]**

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Calgary, Alberta: Western Canada's Distribution Hub

What makes a great distribution hub and logistics center? Access to markets, availability of serviced land and logistics parks, cost-effective business environments, and a highly skilled labor force, to name a few. Hong Kong, Amsterdam and Los Angeles are prominent cities that have been demonstrating leadership over the past decades, but Calgary, Alberta, Canada has demonstrated growth and now boasts the strongest transportation and logistics industry of any inland Western Canadian city.

The reasons for this development are multi-faceted. Calgary is a leading inland port in one of Canada's fastest growing cities, with a population growth that has averaged 26 percent over the past decade. This growth is attributed to the competitive tax structure, strategic location, higher-than-average retail sales, enviable lifestyle (more millionaires per capita than any other Canadian city), and well-educated population – not to mention the geographic position and strong energy sector, which underpins much of the economic and population growth. Although the list goes on, all this contributes to the success and growth of the logistics industry in Calgary.

Thanks to its strategic location, Calgary is a regional distribution center. Goods previously shipped by container from Canada's two major west coast ports at Vancouver and Prince Rupert to the Toronto market for distribution in Western Canada are now shipped by rail and truck to Calgary. Shipping containers are directly off-loaded for regional distribution at Calgary's expanding intermodal rail yards and truck terminals.

To meet the demands of a rapidly expanding distribution network, Calgary has developed an unrivalled availability of industrial land and state-of-the-art warehousing in immediate proximity to both the Calgary International Airport and major transportation routes. Over two million square feet of high-quality warehousing is currently under construction, of which approximately 1.6 million square feet has been brought to the market by one developer. The developments within the Calgary region lie at the crossroads of two of North America's major highway systems: the Trans-Canada Highway, which extends from the Atlantic to the Pacific; and the CANAMEX Corridor, which extends from Alaska to Mexico. At the center of the circle where these major highways meet, a ring-road system is currently under construction, offering increased economic

benefit and additional access to all quadrants of the region.

Calgary's story extends further than location alone. It's also about the unique blend of entrepreneurialism, private sector profit, and public infrastructure investments by municipal, provincial and federal governments. For instance, Calgary has one of the largest and busiest airports in Canada, the Calgary International Airport (YYC). With expected completion in 2013, an expansion is currently underway that will see a new 14,000-foot runway and growth-oriented passenger and air cargo facilities. Airport industrial warehousing, specialized cargo and hangar structures, and expanded passenger and hotel facilities will literally double on-site capacity in the coming years.

In addition to this, Calgary has great success stories to share. Two corporate transportation giants with international headquarters are located in Calgary – Canadian Pacific Railway and WestJet airlines. Calgary is a prairie railway city based near the Rocky Mountains, created by national transportation needs. Calgary is now home to Canadian Pacific, the railway that led the country in development of ship-to-shore freight containerization. Today Canadian Pacific offers coast-to-coast service in Canada and extensive U.S. rail connections. With an aggressive growth program underway, Canadian Pacific Rail will soon service many more of North America's international logistics companies and distribution facilities from its expanded Dufferin intermodal facility in Calgary. In addition to the impressive history and development plans with Canadian Pacific in Calgary's southeast industrial lands, Canada's other national carrier, CN Rail, is also building Calgary capacity dramatically.

Calgary's own WestJet airline is another transportation success story. WestJet, an international carrier, was created by Calgary entrepreneurs in 1996 and continues to be headquartered in Calgary. Today its fleet contains 99 Boeing 737 aircraft.

Superior access to markets, the availability of serviced land, massive warehousing and logistics parks, cost-effective business environments and a highly skilled labor force combine, unprecedented regional growth and the ability and foresight to meet future market needs... Calgary has become a global transportation hub and Western Canada's undisputed distribution center and inland port.

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[VIEWPOINT]

BY J. SCOT SHARLAND

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Logistics Providers Steer Auto Industry on Road to Recovery

The automotive industry is rapidly rebounding from its recession lows as consumer demand for new vehicles grows. In response, auto manufacturers and their suppliers are quickly increasing manufacturing output. While this is great news for automakers and the overall financial health of the auto industry, there is a downside: The quick spike is severely straining the automotive supply chain.

When the auto industry experienced painful downsizing during the recession, significant manufacturing and logistics capacity and talent vanished from the market. Because automakers cannot quickly replace these strategic assets to support a rapid increase in manufacturing output, the surge in consumer demand could be as painful to the industry as the Great Recession. A parts shortage could slow or halt production, and reduce vehicle inventory, preventing automakers from meeting consumer demand.

Capacity and logistics are also major constraints. During auto industry downsizing, manufacturing plants closed, and many specialized trucks and railcars used to move raw materials, parts, and finished goods were either eliminated or reapportioned to haul other loads.

Auto companies will need time to increase manufacturing output once existing factories are at full capacity. They may also need to expand their manufacturing footprint and acquire new equipment, which take time and require access to credit.

Access to Special Equipment

Because the automotive sector represents a relatively small portion of transportation providers' overall business, rapidly increasing capacity could present a problem. The availability of raw materials and work-in-process/finished goods inventories will tighten. Labor and set-up costs required to optimize production scheduling will also be impacted.

In addition, floods, tsunamis, earthquakes, fires, and other natural disasters throughout the world have brought into

sharp focus one of the "dark sides" of globalization. Many companies are now working to improve visibility of critical component supply and risk. A renewed industry-wide commitment to collaboration and transparency will be essential to automakers' success.

The biggest hurdle for automotive companies is consumer demand for quality, which trickles down through the supply chain. As the industry looks to quickly expand manufacturing output, it cannot sacrifice quality to do so.

To help auto companies overcome these challenges, logistics providers can collaborate to create throughput efficiency by sharing loads and bundling demand. Allowing half-empty trucks to carry loads from only one facility or company to an end destination is inefficient. Transportation providers can help ensure every truck to a single destination is full by making multiple pick-ups and stops along the way.

As automotive production levels return to pre-recession levels, consistently delivering quality products, in the right quantities, to the right places at the right time, has become a defining characteristic of successful companies—and their logistics service providers. ■



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Better Efficiency Begins at the Loading Dock

Productivity in the less-than-truckload (LTL) freight transportation industry demands and depends upon efficient operations. Shippers and carriers must collaborate to orchestrate consistent on-time pickups and deliveries.

By working together to align the processes by which shippers tender freight and carriers receive it, supply chain partners can achieve greater efficiency at the loading dock, and improve safety, quality, performance, and margins for all stakeholders.

For problem-free transactions, shippers should provide freight that fits carriers' systems, with packaging that offers ample protection; carriers should provide the necessary equipment for secure and timely moves. When these conditions are not met, shippers and carriers must approach problems collaboratively to recognize issues and understand needs, then adapt and adjust to achieve mutual goals.

Through communication and teamwork, they can arrive at the best possible solutions for all involved parties: those tendering the freight, those carrying it, and those receiving it.

Common trouble spots plague many carriers and shippers. Here are some strategies for addressing them:

■ **Eliminate the guesswork.** Freight comes in all shapes and sizes with varying levels of fragility, so packages that require specific handling and storage, or the use of special equipment, should be clearly marked. Carriers can apply stickers to these shipments, or shippers can purchase pre-stamped packaging materials to ensure accurate labeling—and, therefore, swift and proper handling.

■ **Check the shipping documents.** Verifying that all freight is accurately reflected on bills of lading helps facilitate timely, complete deliveries. To prevent damaged and lost freight, take inventory. Include accurate piece counts and descriptions—never assume. To streamline and expedite this process, carriers can provide shippers with standardized bills of lading.

■ **Pack it right.** The better shippers can unitize and secure multiple cartons on a pallet, the better freight will withstand the rigors of transit through an LTL system. When products are properly

shrink-wrapped to the pallet, they are less likely to shift or slip during transit, and therefore less likely to be damaged. Employing an effective shrink-wrap technique is a simple step shippers can use to protect their goods and ensure an exception-free delivery.

■ **Know the rules.** The National Motor Freight Classification (NMFC) standards provide valuable insight and information to help shippers move freight safely and securely. In the NMFC guide, commodity descriptions, transportation rules, bill of lading formats, and packaging requirements leave little room for incongruities and speculation. To achieve optimal efficiency on the loading dock and in transit, it is critical that shippers and carriers remain on the same page—or at least, in the literal sense, work from the same book. Full details about the NMFC standards can be found on the association's Web site.

When well-executed, these simple steps yield significant payback, helping ensure freight is loaded on the trailer, transported, and delivered to its final destination as safely, swiftly, and efficiently as possible—a winning solution for carriers and their customers on both ends of the dock. ■



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BY CHRISTINE WHEELER

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Wireless Workstations Unplug Savings

Thanks to wireless technology, carts with on-board power supplies are opening new frontiers of efficiency, productivity, and profitability in distribution centers (DCs). These mobile-powered workstations (MPWs) carry computers, bar-code scanners, and printers, reducing paperwork and operator travel.

DC employees can waste countless hours walking to and from deskbound computers to perform tasks such as logging data, and printing labels and orders. In contrast, employees operating MPWs have continuous, paperless, real-time data access via warehouse management systems, enterprise resource planning, or automated data collection software from anywhere in the DC.

MPWs can increase the number of items processed per day by facilitating the following DC tasks:

■ **Receiving.** An MPW operator can scan bar codes to identify incoming items, then inspect, re-label, and re-route them—all at the same workstation. The operator can track previously shipped parcels and multiple stockkeeping units (SKUs). They can take and file digital photos as proof of the condition of a returned shipment, immediately credit the customer, and print a receipt.

■ **Putaway.** Operators can print and scan bar-code labels for SKUs, then place them on shelves, which can also be labeled to help ensure items are put away in the correct place.

■ **Directed picking.** When the MPW is on a particular aisle, the system's software can tell the operator what other items are needed from that area.

■ **Shipping.** MPW operators can scan outgoing items to verify order and shipping method accuracy. For breakbulk and mixed-unit orders, MPWs allow fast, on-site printing for documents such as labels and packing slips.

MPWs in Action

Virginia-based Care-A-Lot Pet Supply tested an MPW in its DC, scanning products in its receiving and shipping departments, and printing labels for pallets and general organization. Managers were so pleased with the improved efficiency that they purchased several more MPWs for the DC and the company's retail stores. The workstations delivered a 40-percent productivity increase.

Shipping accuracy was a major concern at automotive spare parts company Magneti Marelli Powertrain USA's plant. The company sought to reduce the number of mislabeled outgoing pallets. A typical shipment consisted of multiple

pallets, each requiring at least two labels. The problem was the 30 to 40 steps it took each shipment inspector to reach the label printer. Sometimes, after inspectors retraced their steps, labels in hand, the labels ended up on the wrong pallets.

With MPWs, each inspector can scan and print labels beside the pallet that needs them, greatly reducing errors.

Features That Fit

MPW configuration needs vary by facility. Some basic attributes are sturdiness and durability. The best MPWs are also ergonomic. Choose a model with large, stable work surfaces and adjustable shelves. Casters should roll smoothly and quietly, yet should be lockable for stability and safety.

The more your workstation can do, the more your business can accomplish, so select a versatile MPW. Check the weight capacity of individual shelves and the overall unit. For maneuverability in narrow warehouse aisles, a small footprint is important.

The cart should be powerful enough to run various devices simultaneously. Look for one that can hold and power four devices for at least eight hours, and be recharged in five to eight hours.

The right mobile-powered workstations can energize your workforce, and improve accuracy and efficiency. ■

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REGULATION & LEGISLATION:

TRUCKERS GET THE MESSAGE

Shippers and carriers express concern over new regulations and highway funding initiatives.

by Merrill Douglas

Trucks carried 67 percent of the freight tonnage moved in the United States in 2011, according to the American Trucking Associations (ATA). With industry relying this heavily on motor carrier transport, changes in the trucking industry can have major ramifications for shippers.

One motor carrier concern shippers need to be aware of is truck-related regulation and legislation. Many of those government policies could influence how shippers and their motor carriers do business together.

Two recent Federal Motor Carrier Safety Administration (FMCSA) initiatives pose possible challenges for shippers: the phase-in of the safety monitoring system known as CSA (Compliance, Safety, Accountability), and the implementation of new Hours-of-Service (HOS) regulations for drivers. The freight world is also debating some other potential initiatives that could influence the cost and ease of moving freight.

Here's what's happening now, and what might be rolling down the highway in the future.

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CSA: Getting Down to BASICS

WHAT'S THE ISSUE?

In 2010, FMCSA launched CSA, a safety and compliance initiative designed to help identify large trucking companies that aren't complying with safety rules, so that enforcement officials can intervene.

CSA uses a process called the Safety Measurement System (SMS) to identify carriers that might need intervention. Using data collected from roadside inspections, state crash reports, and the federal motor carrier census, the SMS assigns points for deficiencies in seven areas, known as Behavior Analysis and Safety Improvement Categories (BASICS). They are:

- Unsafe Driving
- Fatigued Drivers (including Hours-of-Service violations)
- Driver Fitness
- Controlled Substances/alcohol
- Vehicle Maintenance
- Cargo-related (such as shifting loads, overloading, and improper handling of hazardous materials)
- Crash Indicator (frequency and severity of crashes)

Once FMCSA calculates points for each BASIC, it places that carrier into a peer group comprised of carriers with a similar number of inspections. Comparing that carrier's points to others in the group, FMCSA assigns a percentile score. The higher that figure, the worse the carrier's performance in that BASIC compared with its peers. The best possible score is zero; the worst is 100.

For each BASIC, FMCSA defines an "intervention threshold." If a carrier scores higher than the threshold for that BASIC, it is a signal that the carrier merits further investigation.

FMCSA makes the CSA scores available to the public through its SMS Web site: <http://ai.fmcsa.dot.gov/sms>.

WHAT'S THE IMPACT?

Everyone supports highway safety. So, of course, observers close to the trucking industry and the shipping community applaud CSA's goals. But many express concern about certain details of the program, and its possible effect on shippers.

One worry stems from the fact that many shippers refer to CSA as a safety rating system.

"CSA is not a safety rating," asserts Jeff Tucker, chief executive officer of Tucker Company Worldwide, a freight broker, ocean forwarder, and non-vessel-operating common carrier in Cherry Hill, N.J. "CSA is the potential building block of a future, yet-to-be-determined safety rating."

Tucker is also CEO of QualifiedCarriers.com, a company that helps shippers understand whether their carriers are complying with U.S. Department of Transportation (DOT) regulations. Tucker says that like its predecessor, SafeStat, CSA was designed not as a tool to help shippers evaluate carrier safety, but to help FMCSA set priorities about which trucking companies it should investigate in person. (See sidebar, page 42, for Tucker's perspective on CSA.)



The CSA program is designed to improve large truck safety by addressing problems before crashes occur. But some carriers and shippers question the fairness and accuracy of CSA scores.

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One reason shippers might not want to use CSA scores to tell unsafe carriers from safe ones is that many carriers aren't in the database. "A few hundred thousand carriers are in operation today, but only a percentage of them have scores under the CSA system," says Mike Regan, president of Tranzact Technologies in Elmhurst, Ill., and chair of the National Shippers Strategic Transportation Council (NASSTRAC) advocacy committee.

Because CSA scores reflect a carrier's performance compared with others in a peer group, they represent a kind of grading on a curve, not an absolute measure. "We don't know what is average," says Tucker. "Theoretically, a 50 would be average. But that's not really the case."

Tucker would like FMCSA to state which CSA scores are bad enough to make shippers shun particular carriers. But, he says,

the agency won't do that. "That's why it is impossible for shippers or brokers to use the BASICS for anything practical," he explains.

But Bryan McDuffie, director of distribution at Tyson Foods in Springdale, Ark., says that the intervention thresholds offer a useful measure of a carrier's safety performance. "We look at all of our carriers' CSA scores once a month, and we expect each one to fall below the thresholds," he says.

A shipper can also use the carrier profiles on the FMCSA site to see when carriers make improvements. For example, McDuffie cites one carrier whose Fatigued Drivers score dropped from 35 to 20 over one year. "That indicates the carrier has a driver program that's obviously working and delivering great results," he says.

Besides questioning the significance of CSA scores, some observers also question their fairness, especially when it comes to

INSIDER PERSPECTIVE **The Case Against CSA**



By Jeffrey G. Tucker
CEO, QualifiedCarriers.com,
and CEO, Tucker Company
Worldwide

The Federal Motor Carrier Safety Administration's (FMCSA) CSA program is in trouble—especially its Behavior Analysis and Safety Improvement Categories (BASIC) scores and Safety Measurement System (SMS) methodology.

Three studies analyzed current CSA data and the SMS methodology to test if elevated BASICS relate to crashes. The studies uniformly found errors in statistical rules and data gathering, as well as significant regional biases that FMCSA has not accounted for or corrected. In short, no evidence exists to support the theory that elevated BASICS relate in any meaningful way to crash history.

FMCSA disagrees, and claims CSA is a success because of a five-percent reduction in bus- and truck-related deaths in 2010. But what is driving that reduction—BASICS, or something entirely different? Spoiler alert: It's the latter.

FILLING IN THE BACKGROUND

FMCSA is the U.S. Department of Transportation (DOT) law enforcement agency that ensures highway safety by regulating interstate carriers. CSA, which stands for Compliance, Safety, and Accountability, is FMCSA's cornerstone program for evaluating motor carriers for intervention. The agency's

limited resources mean it can visit a small fraction of carriers each year, so CSA helps it prioritize those resources.

Under SMS, CSA's data gathering and statistical methodology, CSA uses seven BASIC scores, which range from one to 100, with higher scores indicating more violations or incidents. Some incidents are not a violation or safety factor, but are recorded against the carrier. Higher BASIC scores alert FMCSA to begin a range of interventions, starting with a warning letter, escalating in severity to on-site audits.

FMCSA released two versions of the University of Michigan's Transportation Research Institute (UMTRI) report, which studied CSA pilot and early data, and showed some correlation between elevated BASICS in Unsafe Driving and Fatigued Driving.

UMTRI influenced shippers and brokers to consider CSA as one way to objectively select safer carriers. Although BASICS are not an assessment of a carrier's fitness, have no legal standing, and were not developed for that purpose, users hoped they might help—and some even eliminated carriers exclusively due to BASICS.

Shippers and brokers found innumerable challenges in using BASICS for carrier selection, however. The number of active, for-hire truckers (carriers who have a DOT number, MC number,

accidents. Currently, crash indicator scores reflect every crash a truck is involved in—no matter who caused it.

“In truck-car accidents, the truck driver is generally not at fault,” says Gail Rutkowski, president of Wabash Worldwide, a Chicago consulting firm that serves carriers, shippers, and brokers. But CSA still penalizes the driver and the trucking company.

That anomaly could disappear before long. “The ATA is actively working with FMCSA to develop an equitable solution,” says Rutkowski.

It’s always good to have more, rather than less, data about carrier safety—but the data must be accurate, says John Cutler, principal with the law firm of McCarthy, Sweeney, and Harkaway in Washington, D.C., and legal counsel for NASSTRAC. “If a motor carrier is unfairly portrayed as dropping the ball on safety issues,

there’s a risk that intermediaries and shippers will pull business away from that carrier when they shouldn’t,” he explains.

At the same time, attempts to be fair to carriers with unjust CSA scores could put shippers at risk, Tucker notes. Say, for example, a carrier maintains that its CSA score is inaccurate, and persuades a shipper to continue doing business. Then a driver gets into an accident, and the affected party sues. The plaintiff’s lawyer tells the jury, “I spent 30 seconds on FMCSA’s Web site and found these red flags.” The attorney will insist, based on the CSA scores, that the shipper should never have hired that carrier, Tucker says.

Given some industry doubts about CSA data, what should shippers do about the scores? “You can’t ignore them,” Rutkowski says. Instead, shippers should use them as guidelines, along with other carrier qualification methods.

active authority, and insurance) in June 2012 numbered about 169,300, according to QualifiedCarriers.com reports. Fewer than 33 percent of these carriers have even one BASIC score—and one-third of that group breached FMCSA’s alert in the Fatigued Driving BASIC.

Another flaw is that FMCSA penalizes carriers equally for preventable and non-preventable accidents. BASICs only indicate that a carrier has interacted with law enforcement. In addition, BASIC scores are relative, and “graded” on a curve. Finally, FMCSA hasn’t told users what carrier scores to avoid, so shippers and brokers can’t make fully informed decisions.

WHAT THE RESEARCH SUGGESTS

In November 2011, Wells Fargo Securities released a study examining the nation’s top 200 carriers (presumably with the most data), using current program data. It found no meaningful statistical relationship between accident frequency and BASIC scores for Unsafe Driving, Fatigued Driving, or Driver Fitness. The report stated that BASIC scores, “may, in fact, provide misleading information.”

FMCSA disagreed, so in July 2012, Wells responded with a second study, expanding

to 4,600 of the largest carriers. Again, Wells concluded, “there is no meaningful statistical relationship between ‘poor’ BASIC scores and accident incidence.”

In August 2012, James G. Gimpel, Ph.D., with the University of Maryland’s Department of Government and Politics, published a more scathing report on CSA. He found CSA flawed in multiple and fundamental ways, citing “naïve research errors” and badly censored and biased data. Gimpel concluded that nothing could be extrapolated from the data to the larger carrier population, and its “external validity is in doubt.” He stated the BASICs do not measure what FMCSA claims, and that they “cannot be depended upon” to distinguish safer carriers from any other.

CAUSE AND EFFECT

FMCSA credits CSA with 2010’s five-percent drop in truck-related deaths. The drop is wonderful news, and cause for everyone working in safety and transportation to celebrate. But with BASIC scores and SMS repeatedly discredited, what’s really behind the drop? A few points to consider:

- Truck-related fatalities have decreased year-on-year for almost a decade, well before CSA started.

- CSA’s launch helped focus carriers on making changes and remaining compliant.

- With CSA’s introduction, FMCSA began a significant warning campaign in which it sent letters to many carriers requesting improvement. The mere threat of an FMCSA audit made an impact.

- FMCSA changed its on-site audits. The old audits lasted several days, and were resource-intensive. With CSA, FMCSA started shorter “surgical” audits, which evaluate only one or two areas, and take just a few hours each day. This system multiplied FMCSA’s audits per year, and safety ratings—which are assigned only after an on-site audit—prove it. In the time since CSA launched, nearly one in 30 carriers with a Satisfactory safety rating lost it, and 28 percent more carriers are rated Conditional—both remarkable swings.

Science, data, and evidence prove that BASICs and SMS are flawed, and useless to brokers or shippers for carrier selection. But while the means to the end are detrimental to shippers, brokers, and carriers, don’t expect FMCSA to cancel this parade. The combination of public attention, apprehension, and more experience visiting carrier operations are powerful tools the agency doesn’t want to lose.



Hours-of-Service: Give Us a Break

WHAT'S THE ISSUE?

In December 2011, FMCSA published a new version of its rules governing commercial vehicle drivers' working hours. Some of those new HOS rules took effect on Feb. 27, 2012. Trucking companies must complete the transition to the rest by July 1, 2013.

Some notable changes include:

- A truck driver may be on duty (either driving or doing other work) no more than 70 hours in a seven-day period. Under the prior rule, the limit was 82 hours.

- After driving for eight hours, a driver may not drive again without first taking a break of at least 30 minutes.

- Once drivers have worked the maximum number of hours for a week, FMCSA's prior rule stated that they must go off duty for at least 34 hours. That hasn't changed, but now this "restart" must include two periods that run from 1 a.m. to 5 a.m.

FMCSA had considered cutting the number of hours a truck operator may drive per day from 11 to 10. In its final ruling, it kept the limit at 11 hours, but the 10-hour limit is still under discussion.

WHAT'S THE IMPACT?

Observers who work with carriers and shippers are pleased that, at least so far, FMCSA has kept the 11-hour-per-day driving limit.

"Reduced driving time means reduced productivity for the industry," says Cutler. "It also means more drivers being stranded when the hour clock runs out short of the destination. It may mean that more drivers are needed during a time when we have a driver shortage." Also, a shorter driving day makes life harder for shippers whose businesses depend on just-in-time delivery.

Some people worry the new requirement regarding the 1 a.m. to 5 a.m. time span will hurt shippers. Not all drivers can span those two periods in 34 hours.

"Take the example of someone who drives the night shift, drops his last load at 11 a.m. on Friday, and goes home for the rest period," says Cutler. To fulfill the 1 a.m. to 5 a.m. requirement, that driver would have to stay off duty for at least 42 hours. The break would be even longer if the driver were returning to the night shift.

Not only could this rule keep drivers off the road longer, but it could land some of them back behind the wheel at inconvenient times. "Many drivers will end up back on the road during Monday morning rush hour, which is the last thing anyone wants," says Brian Everett, executive director of NASSTRAC in Waconia, Minn. Driving during peak congestion periods increases the chance of accidents—and, of course, freight moves more slowly in rush-hour traffic.



HOS rules limit the number of hours drivers spend working, and regulate the time they must spend resting between shifts.

The new restart period could cause problems for the many shippers whose customers insist on receiving freight in the morning. Adding a half day to a load's delivery time makes each truck less productive. "The new rule will force shippers and drivers to change schedules, and truckers to buy more trucks—just to do the same amount of work," says McDuffie. And shippers will bear the extra cost, he notes.

The new rule could also exacerbate the driver shortage. "The HOS rules may prevent trucking companies from making their assignments as attractive, or deny them the flexibility to make sure that their assignments match driver lifestyles," says Everett.

FMCSA's Five-year Plan: Down on the Dock?

WHAT'S THE ISSUE?

In 2012, FMCSA published a strategic plan covering 2012 to 2016. One sentence within this document particularly caught the shipping community's eye: "The FMCSA will achieve its goal to maintain high safety standards to remain in the industry by identifying gaps in resources or authorities that prevent FMCSA from reaching certain elements of the CMV transportation lifecycle (e.g., entities touching highway movement of freight: shippers, receivers, brokers, freight forwarders) that may have a detrimental effect on safety through their actions."

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In other words, say many observers, FMCSA wants to extend its authority beyond motor carriers. It wants to be able to regulate shippers and intermediaries when their activities affect freight movement.

Before FMCSA could regulate shipper or third-party activities, Congress would have to pass legislation giving the agency the requisite authority. FMCSA is conducting research to determine the impact shippers and receivers have on drivers who are detained at loading docks, according to news reports.

FMCSA might also be concerned about shippers who load trucks beyond the legal weight limit, or fail to secure loads properly.

"One issue associated with this FMCSA initiative is vicarious liability," Regan says. "The theory is that shippers cannot force carriers to act in a way that creates unsafe conditions, then expect to be held free of any claims if something happens with that truck."

WHAT'S THE IMPACT?

For the moment, the prospect of FMCSA writing regulations for shippers and intermediaries is theoretical. And, McDuffie points out, the agency has not specified which shipper activities it wants to regulate.

"If FMCSA wants to hold shippers responsible for just doing the right thing, that is acceptable," McDuffie says. But if the agency wants to impose requirements that it doesn't define clearly, that is a different story.

For carriers, giving FMCSA authority to police what happens on the loading dock could eliminate a major burden—making sure trucks are loaded safely in spite of shippers who pressure them to exceed legal limits. "If the government regulates these practices, it is easier for carriers to respond to demands from customers regarding certain aspects of their operations," Regan says.

But several observers point out the marketplace already gives carriers strong incentives, and enough clout, to ensure shippers don't force them into unsafe practices.

"If drivers sense their trucks are being overloaded, they will either refuse the freight, or call their dispatcher," says Tucker. "The penalties are stiff, and drivers don't want them on their records."

Carrier detention charges and similar tools are adequate safeguards against shippers that are tempted to extend a driver's work day by loading or unloading too slowly, says Cutler.

Rutkowski agrees that the market can regulate carrier-shipper interactions on its own. "In the current environment, with capacity as tight as it is, if you are not a shipper of choice, and you are not carrier-friendly, your freight will not be picked up," she says.

"Carriers' rates and charges will take care of any issues that affect carrier productivity," Rutkowski says. "The FMCSA doesn't need to do that."

Truck Weight and Size: Pushing the Limits

WHAT'S THE ISSUE?

Introduced in the U.S. House of Representatives in February 2011, the Safe and Efficient Transportation Act (SETA—H.R. 763) would allow states to increase the weight of trucks operating on interstate highways from today's maximum of 80,000 pounds to 97,000 pounds. These heavier tractor-trailers would require a sixth axle. The Senate introduced a corresponding bill in April 2011, and an attempt to include the same weight and size increase in a five-year highway funding bill in 2012 was defeated.

WHAT'S THE IMPACT?

SETA's opponents claim heavier trucks would cause more accidents and do more damage to U.S. highways than vehicles on the road today. Organizations against the increase include the American Automobile Association, the Owner-Operator Independent Drivers Association, and the Association of American Railroads.

Cutler and Everett, speaking for NASSTRAC, disagree that heavier trucks would create more danger and damage.

"The data we've seen indicates that longer combination vehicles are safer than regular trucks, because carriers assign more experienced, careful drivers to them," Cutler says. The difficulty of maneuvering longer, heavier vehicles in urban traffic is a non-issue. "No carrier will put triples on I-95, but in sparsely populated states with little traffic, they can be highly effective," he adds.

Everett argues that putting heavier triple-trailer trucks on the road means using fewer trucks, which reduces the impact on highway infrastructure. "And, using larger trucks allows carriers to accommodate freight volumes even in light of the driver shortage and hours-of-service limitations," he explains.

The industry has been testing the effects of longer, heavier trucks for years. "It has been proven that the increase in weight limits, with the addition of the sixth axle, distributes weight more evenly than it is currently distributed across the truck, and would result in a smaller imprint on the roadway than the common configuration," Rutkowski says.

McDuffie agrees that a higher weight limit would increase productivity, but he's not a fan of the 97,000-pound, six-axle proposal. "It means significantly modifying equipment carriers already own," he says. And a sixth axle makes a truck more difficult to handle.

But McDuffie does support another proposal to raise the weight limit to 88,000 pounds without adding an axle. "Today's tractors and trailers can handle another 8,000 pounds," he says. While it might take a carrier 10 years to upgrade its fleet to the six-axle configuration, raising the weight limit to 8,000 pounds could bring immediate benefits, McDuffie says.



Truck weight and size limits, funding for highway infrastructure improvements, FMCSA oversight, and new Hours-of-Service rules are just a few issues carriers are currently wrestling with. Shippers need to stay on top of these issues to make sure their freight moves efficiently.

Transportation Revenues: Toll or Tax?

WHAT'S THE ISSUE?

The need to improve and maintain existing highways, and build more roads to accommodate more traffic, leaves the United States in a bind. If the nation continues funding transportation the way it does today, and at current levels, it could run up billions of dollars in deficits, says a 2007 study by the American Transportation Research Institute (ATRI), part of the ATA.

Even the best-case scenarios indicate that revenues from existing fuel taxes won't be able to meet U.S. highway infrastructure needs, according to ATRI. This is because more fuel-efficient vehicles are generating less fuel tax revenue; inflation is eroding the buying power of fuel tax dollars; and some transportation funds are diverted to inappropriate uses.

The transportation bill Congress passed in 2012 illustrates the difficulty. "There's about a \$15-billion a year gap in the highway trust fund vs. what the highway bill calls for," says Regan.

Some stakeholders – including the ATA and NASSTRAC – favor an increase in the federal fuel tax, which has been 24.4 cents per gallon of diesel since 1993. Others argue for letting states impose tolls on more portions of the interstate network, and raising fees on existing toll roads.

WHAT'S THE IMPACT?

Any increase in the cost to haul a load – whether it comes in the form of higher fuel taxes or more tolls – is sure to create additional costs for shippers. But NASSTRAC joins ATA in opposing the tolling option.

"Tolls are not an efficient way of paying for infrastructure," says Everett, citing the cost of collecting tolls and the additional congestion that forms around toll plazas.

"Many NASSTRAC members, and even the trucking industry in general, are calling for increasing the gas tax rather than expanding tolling," Everett says.

"Tolling is not necessarily a bad thing," says Rutkowski. But she expresses concern that as states collect tolls, they won't necessarily put all the funds toward the intended purpose. "The only way we can ensure funds collected are going into highway infrastructure investment is through the federal gas tax," she notes.

Groups representing shippers, carriers, and other interested parties have been lobbying on all of these important trucking regulation and legislation issues. With many of these provisions still in flux, shippers will need to keep watching the rules and laws that affect the carriers moving their goods. ■

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2012 TRUCKING PERSPECTIVES

Inbound Logistics'
annual market insight
survey provides an
in-depth look at trends
and challenges facing
the trucking sector.

By Joseph O'Reilly

Trucking Perspectives Methodology

Inbound Logistics' annual Trucking Perspectives market insight report includes input from both carriers and shippers to provide a comparative analysis supported by empirical data and anecdotal observations. Our outreach effort comprises two parts.

First, *IL* solicited more than 200 trucking companies to complete a questionnaire that documents their assets, service capabilities, operational scope, and areas of expertise. We also asked carriers to comment on challenges and opportunities in today's market.

Secondly, *Inbound Logistics* reached out to more than 500 unique motor freight shippers to comment on industry trends, regulatory challenges, and their partnerships with carriers.

September 2012 • Inbound Logistics **49**

In July 2012, President Obama signed into law Congress' much-delayed surface transportation reauthorization bill, providing the U.S. freight industry with another two-year stay of execution absent a superseding transportation policy or plan. To some degree, the government's reprieve offers a parallel for where the U.S. trucking sector is currently positioned—a wait-and-see limbo somewhere between relative economic uncertainty and an absolute infrastructure/capacity shortfall. In either case, shippers and consumers will ultimately assume the burden and pay the price.

While trade improved enough to tighten truck availability and allow carriers to raise rates, great uncertainty remains—much of which has been shrouded by the optimism of election-year politicking.

Shippers responding to *Inbound Logistics'* 2012 Trucking Perspectives market insight survey are concerned with

the here and now — namely, rising transportation costs. Carriers, too, feel their customers' pain at the pump, and are leaning on lessons from the recent past to help squeeze out costs.

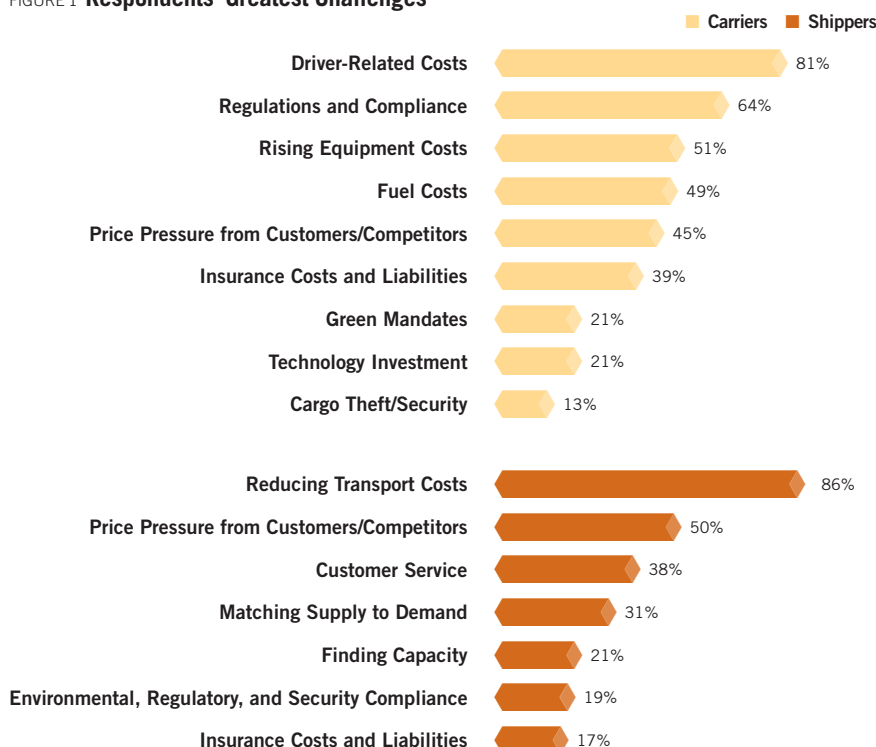
If trucking companies didn't feel shackled enough by uncontrollable economic forces over the past four years, they soon will face additional constraints. The U.S. Federal Motor Carrier Safety Administration's (FMCSA) yet-to-be-finalized Hours-of-Service and CSA mandates offer two more points of uncertainty that underscore an undeniable truth: Economic recovery will trigger a capacity crunch, and there won't be enough drivers to satisfy demand.

Despite muddled forecasts and prognostications, a silver lining exists. The trucking industry has faced the worst of the U.S. recession, and its survivors are leaner and greener than they've ever been before. They are more sophisticated in terms of vehicle telemetrics, fuel consumption, sustainability, routing, and scheduling; they are receptive to intermodalism; and they are better at transportation and supply chain management.

What the recession wrought in 2008 has yielded a much more resilient trucking sector in 2012—well-positioned to ride out any more bumps that come its way.

All chart data:
Inbound Logistics 2012
Trucking Perspectives
market insight survey

FIGURE 1 Respondents' Greatest Challenges



EQUIPPED FOR EFFICIENCY

In 2011, trucking companies reported a noticeable dip in their average tractor fleet size. But with the expectation of an improving economy, tightening capacity, further consolidation in the market, and increasing diesel engine emissions standards, carriers are investing in and expanding their fleets. In 2012, the average fleet size (tractors and vans) is 2,988 units—closely eclipsing the 2,946 that was reported pre-recession in 2007, and well above the 2011 average of 2,542.

While tractor fleets are expanding, companies are otherwise scaling down equipment, according to survey respondents. Since 2010, the average number of trailers has slid from 7,041 to 6,782 last year and 6,643 in 2012. Companies may purposely be jettisoning older units, and many have become more efficient in how they turn assets, so their requirements have changed.

In the driver's seat, however, there's no substitute for qualified talent. Trucking companies report a spike in the number of drivers (owner-operators included) in their stable, with the average jumping to 3,024 drivers from 2,507 last year.

Recruitment and retention has been a priority for all carriers. The military provides an emerging pool of well-qualified candidates. But a looming labor deficit will require truckers to invest even more in their drivers. In fact, 81 percent of surveyed trucking companies report that driver-related costs are their greatest challenge in today's market, trumping regulations and compliance (64 percent), rising equipment costs (51 percent), and fuel costs (49 percent) (see Figure 1).

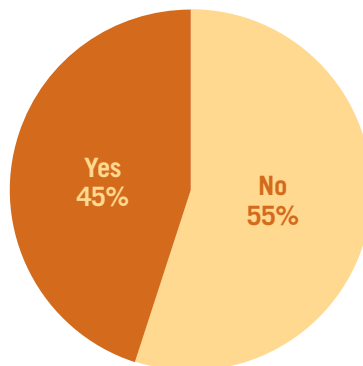
Among shippers, reducing transport costs remains the top priority, according to 86 percent of respondents. This represents a notable 12-percent uptick from 2011. Shippers, in turn, are under price

pressure from customers and competitors to provide better economy in the products they sell—a challenge for 50 percent. Only 38 percent cite customer service as a concern. The latter two data points remain consistent with last year's figures.

Capacity is still relatively flush, with only 21 percent of shippers indicating it as a challenge. Still, the threat of a shortage is increasingly apparent. Forty-five percent of respondents experienced a scarcity of capacity during the past year, compared to 36 percent in 2011 (see Figure 2).


Mitigating all costs—at all costs—has been the trucking industry's mantra over the past few years. The recession forced

FIGURE 2 SHIPPERS: Have you experienced a truck capacity shortage?



carriers to squeeze out as much inefficiency as possible to glean more savings and remain competitive because freight shippers had buying leverage. That paradigm is now completely inverted. The investments and efficiency gains carriers worked toward during the recession are being repaid in spades.


For one, trucking companies have been able to increase rates beyond fuel surcharges. The price of diesel, while variable, has been oscillating at a much




**I know
your production
manager.**

**I know
your plant's
assembly
schedule.**

**We know
what it takes
to get it there
next-day.**

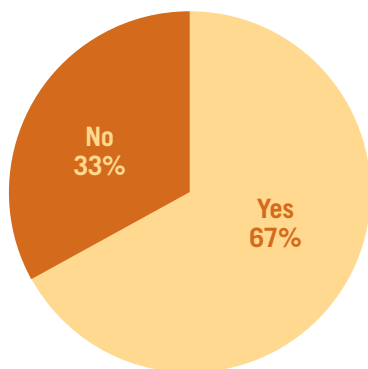


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FIGURE 3 **SHIPPERS: Have you experienced rate hikes apart from fuel surcharges?**



higher baseline cost since it spiked in April 2011, presenting shippers with an unavoidable expense that is exacerbated by higher freight pricing. Sixty-seven percent of surveyed shippers report experiencing a rate hike over the past year, compared to 53 percent in 2011 (see Figure 3).

Shippers may now be resigned to paying more after a few years of having the upper hand. When asked the most important factors when choosing a trucking partner, only 77 percent identify price, compared to 88 percent last year—which topped considerations. Instead, 98 percent of respondents note that reliability is the number-one priority, suggesting that if shippers are going to pay more, they want dependable service.

As in 2011, customer service ranks

third (61 percent), followed by capacity (43 percent). The importance of sustainability performance continues to drop, with only 21 percent of shippers identifying this as a critical selection criterion.

REGULATING CHANGE

After driver-related costs, carriers rate regulations and compliance as their second-greatest challenge, according to this year's Trucking Perspectives research. In 2011, it ranked fourth. The message is clear: Truckers now recognize the full scope of complying with the FMCSA's two-headed legislative vehicle aimed at increasing safety on U.S. roads: the Compliance, Safety, Accountability (CSA) safety rating program, and a new Hours-of-Service (HOS) mandate, which could reduce daily driving times from 11

Trucking Companies from the Driver's Seat

U.S. trucking companies continue to flex and adapt to changes in the market. After three years of attrition, the industry has bounced back. While many carriers have leaned out their trailer assets, fleets are expanding, and efforts to recruit and retain drivers are in overdrive.

Capacity at home remains a concern, and given the recent resolution between U.S. and Mexican authorities over cross-border truck movements, NAFTA trade has received a second wind. Carriers are focusing their attention on meeting the needs of the North American market, with an intrepid few still trawling international borders in search of new business opportunities.

In terms of services, trucking companies remain committed to providing customers with the basics. To complement these stock capabilities, many are investing in technology solutions that provide shippers with greater visibility into, and information about, over-the-road shipments.

Here's a snapshot of trucking companies' services and capabilities, based on Trucking Perspectives survey responses.

hours to 10, and restrict a driver's ability to reset the weekly work cycle with a 34-hour rest break.

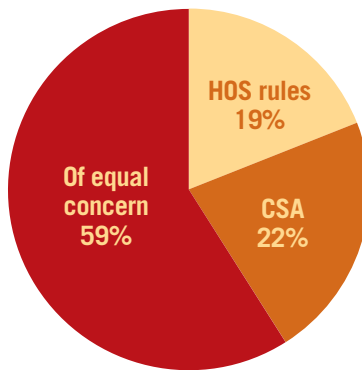

The FMCSA is still tinkering with details as it solicits feedback from industry, and legal challenges will likely run their own due course, but the initial enforcement deadlines for both mandates are looming. In 2011, carriers reported greater concern over the impact reduced hours of service would have on their operations (42 percent) than on the CSA scorecarding initiative (16 percent)—41 percent viewed both as shared challenges.

This year, 22 percent of surveyed carriers identify CSA as a concern, versus 19 percent with regards to HOS. More trucking companies (59 percent) perceive both FMCSA regulatory measures with equal

trepidation (*see Figure 4*).

"The HOS rules impact a large number of runs, and CSA impacts employment," shares one carrier respondent.


FIGURE 4 **CARRIERS: Which is a greater concern — HOS or CSA?**


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YEAR-TO-YEAR AVERAGES

TRUCK FLEET SIZE

(includes tractors and vans)

2007	2,946
2011	2,542
2012	2,988

TRAILER FLEET SIZE

2010	7,041
2011	6,782
2012	6,643

NUMBER OF DRIVERS

(including owner-operators)

2010	2,450
2011	2,507
2012	3,024

TRUCKING SERVICES

Truckload	80%	Bulk	23%
Logistics Services	66%	Household Goods	22%
Dedicated Contract	58%	White Glove	22%
Less-than-truckload	57%	Final Mile	21%
Expedited	55%	Motor Vehicle Carrier	12%
Intermodal	44%	Package	7%
Refrigerated	40%	Tank Car	5%

TECHNOLOGY SERVICES

Customer Email Alerts	84%
Any-time Visibility and Driver Communication	79%
Logistics Web Tools (ASNs, Online Claims Filing, etc.)	64%
Online Pricing and Routing Information	62%
Bar Code	38%
SKU Level Tracking	18%
RFID	16%

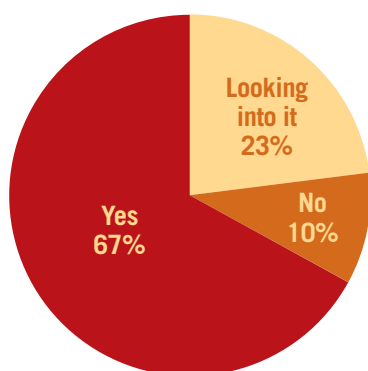
OPERATING AREA

North America	62%
U.S. Only	30%
Global	8%

SMARTWAY PARTNERSHIP

Members	89%
Non-members	11%

FIGURE 5 **CARRIERS: Do you use electronic on-board recorders in your fleet?**



The shift in perception may be attributed to the fact that HOS regulations are absolute, with less room for interpretation. FMCSA is pushing for trucking companies to equip their fleets with electronic on-board recording (EOBR) devices that closely monitor a driver's workday, in lieu of traditional paper-based logs.

The agency has since withdrawn that stipulation, and is conducting further research to study the efficacy of such technology and its impact on driver behavior. Still, a majority of trucking companies are already moving in that direction, perhaps sensing its inevitability. Sixty-seven percent of surveyed carriers currently use EOBRs in their fleets while 23 percent are looking into it, according to this year's research (see Figure 5).

Reducing driving hours does present challenges, however. "Networks are established and designed with HOS compliance in mind," explains one carrier. "Shortening hours will cause expensive realignment and put added pressure on driver availability." In addition to impacting service lanes and routings that customers have built their transportation/sourcing models around, HOS will also add ancillary costs for educating and training drivers and other employees about the new restrictions.

Some trucking respondents question the need to implement new HOS rules in the first place. "Research shows the number of accidents involving commercial carriers is on the decline," shares one source. "If the current system works and has been effective at reducing the number of accidents, we simply don't see the need for change—especially when it will further tighten capacity."

While carriers at least feel like they can control what is a known entity with HOS—regardless of aversion—the CSA

parameters are much more subjective, which raises different concerns. The trucking industry generally welcomes efforts to improve safety, but many operators remain unconvinced that these new scorecarding metrics present an accurate assessment of performance. For one, CSA is a moving target, and recurring tweaks to the system create more confusion for shippers and carriers.

"CSA is always changing," explains one carrier. "Additionally, the Unsafe Driving Behavior Analysis and Safety Improvement Category (BASIC) is calculated using the number of trucks—not miles. Because of our increase in teams and miles driven, that BASIC is higher than carriers that are not driving as many miles."

Another respondent adds, "We support the overall objective of CSA to improve industry safety; however, the Safety Measurement System methodology is complex, and the FMCSA has focused on pushing it out to a public that isn't equipped to properly interpret it."

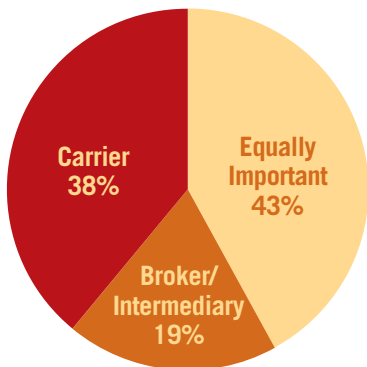
The consensus among carriers is that while the FMCSA's safety motivations are well-intended, they lack foresight. These regulations could have a draconian impact on the industry in terms of capacity and driver availability when the economy eventually recovers.

BROKERS VS. CARRIERS

The shipper-broker-carrier dynamic has always presented an interesting narrative within the industry—and one that often changes with economic conditions. In 2011, nearly 70 percent of polled shippers stated that they valued their relationship with carriers more than brokers (seven percent), while 24 percent held both in similar esteem.

This year, allegiance shifts considerably. Nineteen percent of shippers report

FIGURE 6 **SHIPPERS: Which is more important, your relationship with your carrier or with your broker/intermediary?**



they value brokers more, compared to 38 percent who favor carriers; 43 percent see their relationships as equally important (see Figure 6).

Carriers have the upper hand now in terms of supply and demand, and many have raised rates. Capacity is still relatively flush, according to the majority of surveyed shippers, so some may be inclined to work the spot market in certain lanes rather than locking into long-term carrier contracts. The market is essentially in limbo, somewhere between the fall-out of a recession and an upswing

in recovery. Shippers appear to be keeping all their options open.

One shipper puts it this way: “I rely on a broker to find the best carrier for a specific lane. Carriers may change from load to load.” Another respondent says, “each has unique abilities to solve different kinds of issues.”

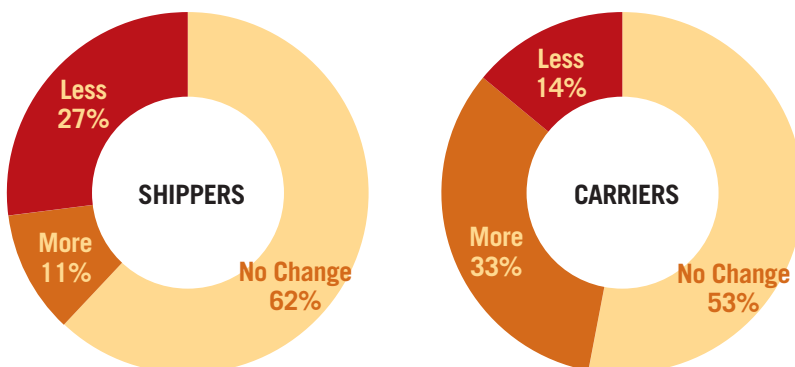
The majority of shippers, however, still vouch for their partnership with carriers over the long haul. “We need a direct line of communication to the carrier to establish a true partnership and have full visibility to anything that may affect our relationship,” adds another source.

The focus on brokers will remain keen as capacity continues to tighten—which raises new concerns about whether intermediaries should face the same safety and liability scrutiny as carriers. The trucking industry at large has mixed opinions on whether freight brokers need to be regulated more.

Sixty-two percent of shippers and 53 percent of carriers believe the brokerage industry does not need any change in regulatory control (see Figure 7). Still, 33 percent of surveyed truckers think there should be more oversight, compared to 11 percent of freight buyers.

Carriers have more to lose when

FIGURE 7 **Does the freight brokerage industry need more regulation or less?**



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I know the lanes.

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rogue brokers operate, as they are often held liable. The recently passed surface transportation bill increased the freight broker's surety bond requirement from \$10,000 to \$75,000 in an effort to prevent fraudulent activity. Such a measure will raise the bar of entry for brokers in what is currently a fractured industry.

But some carriers believe expectations need to be even greater, and that intermediaries should comply with the same standards that CSA and HOS will ultimately force on them.

"We invest in equipment, personnel, and cargo and liability insurance, and are held accountable for all aspects of the load," notes one carrier. "Freight brokers, who do not bear these costs, promise customers lower prices in general, then ask us to haul the loads. They need to have the same skin in the game as carriers."

Surveyed shippers tend to prefer the status quo, believing that more regulation will only strangle the industry and increase costs; and that less regulation

will encourage unqualified companies to enter the market. "Brokers are a dime a dozen," says one respondent. "The good ones will survive changes in the market, and those that jump into the business because it's easy will go away."

Whether or not the brokerage industry finds such equilibrium remains to be seen, but most observers are convinced that freight brokers will increasingly play a more important role in the domestic supply chain—and therefore should come under greater scrutiny. As one source suggests, intermediaries earn their stripes by moving excess freight in a headhaul lane, saving empty miles in a backhaul lane, and relocating equipment to carriers' freight.

"Our industry cannot afford to pay empty miles as our driver base shrinks and driver utilization becomes a primary factor," he says. "With thin margins and companies' growing need to use brokers to achieve these results, the brokerage industry needs greater regulation." ■

2012 Top 100 Truckers

Inbound Logistics' annual Top 100 Truckers directory brings Trucking Perspectives full circle with an in-depth directory of carriers that match the diverse needs of the shipping community. *IL* editors pared this year's roster from a pool of 200-plus companies, evaluating surveys, conducting online research, and talking with truckers and shippers. This guide serves as a benchmark for the types of services transportation buyers value when looking for new partners or evaluating current ones.

The Top 100 list offers a panorama of the motor freight segment, including large TL and LTL carriers with global inroads and niche-specific regional haulers that get their white gloves dirty delivering to the final mile.

Together, Trucking Perspectives and the Top 100 Truckers directory provide a comprehensive guide to help you find partners that will put your company in the driver's seat.



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TOP 100 TRUCKERS 2012

COMPANY & URL	PHONE	TRACTOR & VAN FLEET SIZE	TRAILER FLEET SIZE	NUMBER OF DRIVERS (INCLUDING OWNER OPERATORS)	UNION STATUS	PUBLIC OR PRIVATE	SMARTWAY PARTNER	AREAS SERVED/ OPERATING AREAS				
								GLOBAL	NORTH AMERICA	US NATIONWIDE	US MULTI-REGIONAL	US REGIONAL
A. Duie Pyle www.aduiepyle.com	800-523-5020	745	1,780	950	N	PRIV	●					●
A&R Transport www.artransport.com	815-941-6556	850	1,200	810	N	PRIV	●		●			
AAA Cooper Transportation www.aaacooper.com	334-793-2284	2,500	6,400	3,400	N	PRIV	●	●				
ABF Freight System www.abf.com	479-785-8700	4,190	17,150	6,165	U	PUB	●	●				
All State Express www.allstateexpress.com	877-742-5875	200	75	250	N	PRIV	●		●			
Anderson Trucking Service www.atsinc.com	800-328-2316	1,200	3,600	1,055	N	PRIV	●	●				
Averitt Express www.averitexpress.com	800-283-7488	3,843	11,979	DNR	N	PRIV	●		●			
Bennett Motor Express www.bennettig.com	770-957-1866	567	1,155	567	N	PRIV	●		●			
Bilkays Express Company www.bilkays.com	908-289-2400	25	60	25	U	PRIV					●	
Bison Transport www.bisontransport.com	204-833-0130	1,095	3,332	1,536	N	PRIV	●		●			
Boyd Bros. Transportation www.boydbros.com	334-775-1400	740	1,389	740	N	PRIV	●		●	●		
Brown Trucking Company www.brownintegratedlogistics.com	336-362-0799	1,046	5,000	1,100	N	PRIV	●				●	
Bulkmatic Transport www.bulkmatic.com	219-972-7630	500	1,200	500	N	PRIV	●		●			
C.R. England www.crengland.com	888-725-3737	4,300	6,500	7,000	N	PRIV	●		●			
Cardinal Logistics Management www.cardlog.com	704-786-6125	1,566	5,043	1,552	N	PRIV	●			●		
Cargo Transporters www.cargotransporters.com	828-459-3232	450	1,400	550	N	PRIV	●			●		
Carlisle Transportation Systems www.carlisle.biz	907-276-7797	400	1,700	250	N	PRIV	●		●			
Celadon Group www.celadontrucking.com	317-972-7000	2,800	8,600	2,800	N	PUB	●		●			
Central Freight Lines www.centralfreight.com	800-782-5036	1,325	8,000	DNR	N	PRIV	●					●
Central States Trucking www.cstruck.com	630-787-8773	350	300	350	B	PRIV			●			



KEY TO ABBREVIATIONS

U	Union
N	Non-union
B	Both union and non-union
DNR	Did Not Report

SPECIALIZATION	TRUCKING SERVICES														TECHNOLOGY SERVICES						
	LTL	TL	PACKAGE	EXPEDITED	LOGISTICS SERVICES	DEDICATED CONTRACT CARRIAGE	INTERMODAL	HOUSEHOLD GOODS	BULK	MOTOR VEHICLE CARRIER	REFRIGERATED	TANK CAR	WHITE GLOVE	FINAL MILE	RFID	BAR CODE	SKU-LEVEL TRACKING	CUSTOMER EMAIL ALERTS	ONLINE PRICING/ROUTING	LOGISTICS WEB TOOLS	VISIBILITY/DRIVER COMMUNICATION
Chemicals, manufacturing	●	●		●														●	●	●	●
Plastic resins, chemicals, flour									●									●	●	●	●
International and dedicated services, fleet maintenance	●	●				●					●					●			●	●	●
Manufacturing, retail, transportation, supply chain, furniture, electronics	●	●		●	●		●	●		●			●	●		●	●	●	●	●	●
Multiple verticals		●		●	●	●												●	●	●	●
Specialized/flatbed, heavy haul, van/pad wrap, logistics and international	●	●		●	●	●	●	●										●	●	●	●
General merchandise	●	●		●	●	●	●				●		●		●	●		●	●	●	●
Flatbed, stepdeck, heavy and specialized, project cargo, government services, 3PL	●	●		●	●		●			●					●	●		●	●	●	●
General commodities	●	●			●	●		●			●		●	●		●	●	●	●	●	●
Retail, paper, food and beverage	●	●		●	●	●	●				●										
Metals, building materials		●																			●
Corrugated packaging, heavy industrial, utilities, pharmaceuticals, high-tech		●		●		●												●		●	
Dry flowable edibles, plastic, chemical products							●		●			●						●			
Temperature-controlled services		●				●	●	●			●							●		●	
Construction and building materials, JIT manufacturing support, retail, food & beverage, bulk products, auto	●	●			●	●		●	●		●		●	●		●	●	●		●	●
Dry van, non-hazmat		●				●												●		●	●
Oil and gas, construction, mining, wholesale and retail	●	●		●	●		●	●			●	●						●	●	●	●
Tobacco, household goods	●	●			●	●	●	●	●									●		●	●
Retail, chemical, oil & gas, 3PL, industrial, manufacturing	●				●	●										●		●	●	●	●
Container drayage, dedicated contract, line haul	●	●				●	●								●			●		●	●

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

TOP 100 TRUCKERS 2012

COMPANY & URL	PHONE	TRACTOR & VAN FLEET SIZE	TRAILER FLEET SIZE	NUMBER OF DRIVERS (INCLUDING OWNER OPERATORS)	UNION STATUS	PUBLIC OR PRIVATE	SMARTWAY PARTNER	AREAS SERVED/ OPERATING AREAS				
								GLOBAL	NORTH AMERICA	US NATIONWIDE	US MULTI-REGIONAL	US REGIONAL
CEVA Ground www.cevalogistics.com	877-462-3824	3,525	5,521	750	N	PRIV	●	●				
Challenger Motor Freight www.challenger.com	800-268-2096	1,500	3,300	1,250	N	PRIV	●	●				
Con-way Freight www.con-way.com/freight	734-994-6600	9,000	25,000	15,500	N	PUB	●	●				
Con-way Truckload www.con-way.com/truckload	417-623-5229	2,700	8,000	3,000	N	PUB	●	●				
Continental Expedited Services www.shipces.com	866-736-1837	75	50	65	N	PRIV	●	●				
Covenant Transportation Group www.ctgcompanies.com	423-821-1212	2,900	6,800	3,750	N	PUB	●	●				
Crete Carrier Corporation www.cretecarrier.com	800-998-8000	5,000	12,000	5,207	N	PRIV	●		●			
CRST International www.crst.com	319-390-2627	10,225	7,700	7,000	N	PRIV	●	●				
Dart Transit Company www.dart.net	651-688-2000	2,100	7,900	2,100	N	PRIV	●	●				
Day & Ross Transportation Group www.dayross.ca	905-846-6300	2,285	3,718	3,629	N	PRIV	●	●				
Daylight Transport www.dylt.com	310-507-8196	DNR	DNR	200	N	PRIV	●		●			
Dayton Freight Lines www.daytonfreight.com	937-264-4060	1,105	2,709	1,357	N	PRIV	●		●			
Epes Transport System www.epesttransport.com	336-931-9792	850	2,513	900	N	PRIV	●	●				
Erb Group of Companies www.erbgroupp.com	800-665-2653	815	1,106	900	N	PRIV	●	●				
Estes Express Lines www.estes-express.com	804-353-1900	6,131	22,760	6,551	N	PRIV	●	●				
Evans Network of Companies www.evansdelivery.com	800-666-7885	1,600	450	1,600	N	PRIV	●	●				
Express-1 www.express-1.com	803-396-0411	495	75	696	N	PUB	●	●				
FedEx Custom Critical www.customcritical.fedex.com	800-762-3787	1,400	500	2,500	N	PUB	●	●				
FedEx Freight fedex.com	870-741-9000	14,400	43,526	18,000	N	PUB	●	●				
FedEx Ground fedex.com	800-463-3369	30,000	13,000	34,000	N	PUB	●		●			



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N	Non-union
B	Both union and non-union
DNR	Did Not Report

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Electronics, retail, energy, exhibits, fixtures, automotive	●	●		●	●	●	●						●	●				●	●	●	●
Freight all kinds	●	●		●	●	●	●		●	●	●				●	●		●	●	●	●
Dry van general commodities, retail, manufactured goods	●															●		●	●	●	●
Dry van general commodities, retail, manufactured goods		●		●		●														●	●
Automotive/manufacturing, pharmaceutical, aerospace, chemical, retail, energy		●		●	●								●	●		●	●	●	●	●	●
Paper, packaging, retail, 3PLs, electronics, manufacturing, chemicals, temperature-control		●		●	●	●	●				●								●	●	●
Food, grocery, retail, manufacturing, consumer products, building materials, paper		●									●							●			●
Retail, metals, building products, high-tech medical, trade shows	●	●		●	●	●			●		●	●	●	●		●	●	●	●	●	●
Dry freight		●		●	●	●	●											●			●
General freight, automotive, frozen food	●	●	●	●	●	●	●											●	●		●
General commodities	●			●															●	●	●
Industrial, retail, automotive, chemical	●	●			●											●		●	●	●	●
Home improvement, retail, tobacco-related products, paper		●				●	●											●		●	●
Food industry	●	●		●	●						●							●	●	●	●
General commodities	●	●		●	●	●	●	●					●	●		●		●	●	●	●
Intermodal	●	●			●		●	●										●	●		
Automotive, pharmaceuticals, manufacturing				●	●						●		●					●	●		●
Temperature-control, hazardous materials, art and museums, government, pharmaceuticals	●	●		●	●		●				●		●	●				●	●		
Freight all kinds	●	●		●														●	●	●	●
Small-package ground shipments up to 150 lbs.			●													●	●	●	●	●	●

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

TOP 100 TRUCKERS 2012

COMPANY & URL	PHONE	TRACTOR & VAN FLEET SIZE	TRAILER FLEET SIZE	NUMBER OF DRIVERS (INCLUDING OWNER OPERATORS)	UNION STATUS	PUBLIC OR PRIVATE	SMARTWAY PARTNER	AREAS SERVED/ OPERATING AREAS				
								GLOBAL	NORTH AMERICA	US NATIONWIDE	US MULTI-REGIONAL	US REGIONAL
FFE Transportation Services www.ffex.net	214-819-5272	1,850	DNR	2,000	N	PUB	●	●				
FLS Transport www.flstransport.com	514-739-0939	160	225	160	N	PRIV	●	●				
Gale Triangle www.ptgt.net	562-345-2200	600	770	710	B	PRIV	●		●			
Gordon Trucking www.gordontrucking.com	800-426-6010	2,000	6,200	2,000	N	PRIV	●	●				
Greatwide Logistics Services www.greatwide.com	972-682-2250	4,089	5,200	4,500	N	PRIV	●	●				
Groendyke Transport www.groendyke.com	888-488-9240	1,000	1,500	980	N	PRIV	●	●				
Heartland Express www.heartlandexpress.com	800-451-4621	DNR	DNR	DNR	N	PUB	●		●			
Holland www.hollandregional.com	616-395-5000	4,000	6,600	5,200	U	PUB	●	●			●	
Interstate Distributor Co. www.intd.com	253-537-9455	1,655	6,200	1,780	N	PRIV	●	●				
J.B. Hunt Transport www.jbhunt.com	800-452-4868	10,900	78,236	10,570	N	PUB	●	●				
Kenan Advantage Group www.thekag.com	800-969-5419	5,200	6,200	5,500	B	PRIV	●	●				
KLLM Transport Services www.kllm.com	800-925-1000	1,600	2,100	1,600	N	PRIV	●	●				
Knight Transportation www.knighttrans.com	602-606-6315	4,000	7,796	874	N	PUB	●	●				
Lakeville Motor Express www.lakevillemotor.com	800-888-4950	350	1,200	350	B	PRIV	●		●			
Landstar System www.landstar.com	877-696-4507	8,371	13,320	8,371	N	PUB	●	●				
Lynden Transport www.lynden.com	206-575-9547	194	1,724	275	B	PRIV	●	●			●	
MacKinnon Transport www.mackinnontransport.com	800-265-9394	85	225	81	N	PRIV	●	●				
Market Transport www.markettransport.com	503-283-2405	375	795	345	N	PUB	●		●			
Marten Transport www.marten.com	800-395-3000	2,100	4,300	2,100	N	PUB	●	●				
Material Delivery Service www.schillcorp.com	205-358-1514	250	350	180	N	PRIV	●	●				



KEY TO ABBREVIATIONS

U	Union
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B	Both union and non-union
DNR	Did Not Report

SPECIALIZATION	TRUCKING SERVICES														TECHNOLOGY SERVICES						
	LTL	TL	PACKAGE	EXPEDITED	LOGISTICS SERVICES	DEDICATED CONTRACT CARRIAGE	INTERMODAL	HOUSEHOLD GOODS	BULK	MOTOR VEHICLE CARRIER	REFRIGERATED	TANK CAR	WHITE GLOVE	FINAL MILE	RFID	BAR CODE	SKU-LEVEL TRACKING	CUSTOMER EMAIL ALERTS	ONLINE PRICING/ROUTING	LOGISTICS WEB TOOLS	VISIBILITY/DRIVER COMMUNICATION
Food, pharmaceuticals	●		●		●	●	●				●							●	●	●	●
Retail	●	●			●						●		●					●		●	
Consumer electronics, apparel, footwear, retail, hard goods, furniture, cosmetics/accessories	●	●		●	●	●	●	●	●					●	●	●	●	●	●	●	●
Retail, food, consumer products		●																●	●		
Grocery, retail, metals, automotive, paper, food	●	●		●	●	●	●				●				●	●	●	●	●	●	●
Liquid bulk, hazmat									●												
Retail, consumer goods, food stuffs, manufacturing, building products		●																●			
Manufacturing, chemicals and hazmat, retail, distribution, government, 3PL	●	●		●														●	●	●	●
Consumer goods, retail, packaging		●		●		●	●				●							●	●		
Intermodal, dedicated contract services, truckload, brokerage and logistics	●	●		●	●	●	●		●		●		●	●		●	●	●	●	●	●
Fuel, renewable fuel, propane, chemicals, liquid food, merchant gases	●	●			●	●			●			●		●				●		●	●
Temperature-control		●			●	●	●				●										
Dry van, refrigerated, dedicated, brokerage, intermodal, port/rail						●	●				●										●
Dry van general commodities, retail and manufactured goods	●	●		●	●	●		●	●							●		●	●	●	●
Manufacturing, retail/wholesale, service industries, government, automotive	●	●		●	●		●				●					●	●	●	●	●	●
Retail, oil and gas, construction	●	●		●	●	●	●	●			●					●		●	●	●	●
Flatbed commodities		●			●													●			●
Retail, beverage, paper		●			●	●	●											●		●	●
Food and beverage		●		●	●	●	●	●			●							●			●
Bulk commodities (dry and liquid)						●	●		●												

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TOP 100 TRUCKERS 2012

COMPANY & URL	PHONE	TRACTOR & VAN FLEET SIZE	TRAILER FLEET SIZE	NUMBER OF DRIVERS (INCLUDING OWNER OPERATORS)	UNION STATUS	PUBLIC OR PRIVATE	SMARTWAY PARTNER	AREAS SERVED/ OPERATING AREAS				
								GLOBAL	NORTH AMERICA	US NATIONWIDE	US MULTI-REGIONAL	US REGIONAL
May Trucking Company www.maytrucking.com	503-393-7030	1,000	2,400	1,100	N	PRIV	●			●		
Melton Truck Lines www.meltontruck.com	918-234-8000	1,140	2,098	1,140	N	PRIV	●		●			
Mercer Transportation Company www.mercer-trans.com	800-626-5375	2,100	2,300	2,100	N	PRIV	●		●			
Miller Transporters www.millert.com	601-709-5901	420	1,000	415	B	PRIV	●		●			
National Retail Systems (NRS) www.nationalretailsystems.com	877-345-4677	900	6,500	900	B	PRIV	●	●				
New Century Transportation www.nctrans.com	877-870-4031	1,200	1,500	1,000	N	PRIV	●			●		
New England Motor Freight www.nemf.com	908-965-0100	1,440	5,800	1,370	B	PRIV	●		●			
New Penn www.newpenn.com	800-285-5000	1,000	1,800	1,400	U	PUB	●		●			
NFI www.nfiindustries.com	856-219-7450	15,000	7,000	2,376	N	PRIV	●	●				
Nussbaum Transportation Services www.nussbaum.com	309-319-9275	210	460	210	N	PRIV	●			●		
Oak Harbor Freight Lines www.oakh.com	253-288-8300	2,000	1,500	450	B	PRIV	●				●	
Old Dominion Freight Line www.odfl.com	800-432-6335	29,876	23,597	7,536	N	PUB	●	●				
Panther Expedited Services www.pantherexpedite.com	800-685-0657	991	456	1,478	N	PUB	●	●				
Paschall Truck Lines www.ptl-inc.com	800-626-3374	1,150	3,000	1,200	N	PRIV	●		●			
Penske Logistics www.penskelogistics.com	800-529-6531	2,500	2,900	2,900	B	PRIV	●	●				
Pitt Ohio www.pittohio.com	412-232-3015	1,325	2,968	1,470	N	PRIV	●		●			
Prime www.primeinc.com	417-866-0001	4,393	7,786	5,650	N	PRIV	●		●			
R+L Carriers www.gorlc.com	800-543-5589	13,000	DNR	DNR	N	PRIV	●	●				
Reddaway www.reddawayregional.com	800-395-1360	1,600	5,000	2,000	B	PUB	●		●			
Roehl Transport www.roehl.net	800-826-8367	1,950	5,050	2,000	N	PRIV	●		●			



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SPECIALIZATION	TRUCKING SERVICES														TECHNOLOGY SERVICES						
	LTL	TL	PACKAGE	EXPEDITED	LOGISTICS SERVICES	DEDICATED CONTRACT CARRIAGE	INTERMODAL	HOUSEHOLD GOODS	BULK	MOTOR VEHICLE CARRIER	REFRIGERATED	TANK CAR	WHITE GLOVE	FINAL MILE	RFID	BAR CODE	SKU-LEVEL TRACKING	CUSTOMER EMAIL ALERTS	ONLINE PRICING/ROUTING	LOGISTICS WEB TOOLS	VISIBILITY/DRIVER COMMUNICATION
General merchandise, retailers, food & beverage		●		●	●						●							●			●
Steel, aluminum, building materials, roofing, HVAC		●		●	●	●				●								●		●	
Machinery, iron, steel, military, building products, plastic, materials handling, aluminum, aircraft & parts, lumber	●	●		●		●												●			●
Chemicals									●										●		●
Retail, pharmaceuticals, electronics, CPG	●	●			●	●		●						●	●	●	●	●	●	●	●
Pharmaceuticals, chemicals, hazmat, manufacturing, food, temperature-control	●	●		●	●				●		●					●		●	●	●	●
Retail, grocery, pharmaceuticals, chemicals, consumer products	●	●		●	●	●					●		●	●		●		●	●	●	●
Manufacturing, chemicals and hazmat, retail, government, import/export	●	●		●														●	●	●	●
Logistics, warehousing and distribution, dedicated transportation	●	●	●	●	●	●	●		●		●				●	●	●		●	●	●
Agricultural and construction equipment, tires, appliances, manufacturing and construction materials		●		●	●	●												●		●	●
General commodities	●	●		●												●	●	●	●		●
General commodities	●			●	●		●	●					●		●	●			●		●
Automotive, manufacturing, life sciences, high-value products, consumer goods & retail, government & defense	●	●			●					●	●		●	●	●	●		●	●	●	●
Freight all kinds		●			●	●												●		●	●
Automotive, industrial manufacturing, healthcare	●	●	●	●	●	●	●	●		●	●		●	●	●	●	●	●		●	●
General commodities	●	●	●	●	●	●							●			●	●	●	●	●	●
Refrigerated, flatbed, tanker	●	●			●	●	●	●	●		●										
Manufacturing, hazmat	●	●		●	●		●						●	●		●		●			●
Manufacturing, chemicals and hazmat, retail, distribution, government, 3PL	●	●		●														●	●	●	●
Building materials, steel, consumer goods, temperature-control		●			●	●					●							●	●		●

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TOP 100 TRUCKERS 2012

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								GLOBAL	NORTH AMERICA	US NATIONWIDE	US MULTI-REGIONAL	US REGIONAL
Ruan Transportation Management Systems www.ruan.com	866-782-6669	3,405	5,667	4,116	B	PRIV	●		●			
Ryder Supply Chain Solutions www.ryderscs.com	888-887-9337	3,709	6,454	4,940	B	PUB	●		●			
Saia www.saia.com	800-765-7242	3,600	11,500	4,500	N	PUB	●			●		
Schneider National www.schneider.com	800-558-6767	9,885	31,500	13,400	B	PRIV	●		●			
Southeastern Freight Lines www.sefl.com	800-637-7335	2,364	7,929	3,695	N	PRIV	●		●			
Standard Forwarding www.standardforwarding.com	309-751-0251	1,100	800	480	U	PUB	●				●	
Swift Transportation www.swifttrans.com	602-477-7146	16,900	49,300	18,000	N	PUB	●		●			
Transport Corporation of America www.transportamerica.com	651-688-4539	1,827	4,899	1,698	N	PRIV	●		●			
Trimac Transportation www.trimac.com	502-459-5122	1,917	4,581	2,749	B	PRIV	●		●			
U.S. Xpress Enterprises www.usxpress.com	866-797-7912	7,500	21,000	8,700	N	PRIV	●		●			
UniGroup www.unigroupinc.com	636-305-5000	10,400	10,400	6,000	N	PRIV	●	●				
UPS Freight www.upsfreight.com	800-333-7400	6,052	20,312	8,396	B	PUB	●		●			
USA Truck www.usa-truck.com	479-471-2500	2,304	6,318	2,540	N	PUB	●		●			
Vitrans Corporation www.vitrans.com	416-798-4965	2,760	8,578	3,158	N	PUB	●		●			
Ward Transport & Logistics www.wardtrucking.com	800-458-3625	590	1,200	580	N	PRIV					●	
Werner Enterprises www.werner.com	800-228-2240	7,300	24,000	10,304	N	PUB	●		●			
Western Express www.westernexp.com	615-259-9920	2,300	4,000	2,340	N	PRIV	●		●			
Wilson Trucking www.wilsontrucking.com	540-949-3200	822	1,786	901	N	PRIV	●				●	
WSE Transportation www.willshaw.com	479-248-4551	425	865	450	N	PRIV	●			●		
YRC Freight www.yrcfreight.com	800-610-6500	9,500	38,000	7,800	U	PUB	●		●			



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SPECIALIZATION	TRUCKING SERVICES														TECHNOLOGY SERVICES						
	LTL	TL	PACKAGE	EXPEDITED	LOGISTICS SERVICES	DEDICATED CONTRACT CARRIAGE	INTERMODAL	HOUSEHOLD GOODS	BULK	MOTOR VEHICLE CARRIER	REFRIGERATED	TANK CAR	WHITE GLOVE	FINAL MILE	RFID	BAR CODE	SKU-LEVEL TRACKING	CUSTOMER EMAIL ALERTS	ONLINE PRICING/ROUTING	LOGISTICS WEB TOOLS	VISIBILITY/DRIVER COMMUNICATION
Metals, retail, grocery, refrigerated and frozen, chemicals, industrial gases, solid waste, medical supplies	●	●			●	●	●		●		●				●	●	●	●		●	●
Aerospace, automotive, CPG, high-tech & electronics, industrial, oil & gas, retail, utilities	●	●		●	●	●	●	●	●	●	●		●	●	●	●	●	●		●	●
Retail, manufacturing, chemicals	●	●		●											●			●	●	●	●
Retail, manufacturing, electronics, paper products, beverages, CPG	●	●		●	●	●	●		●		●			●	●	●	●	●	●	●	●
Freight all kinds	●	●		●			●	●		●				●		●		●	●	●	●
Manufacturing, heavy industrial	●			●	●	●												●	●	●	●
Retail, manufacturing, consumer goods, office supplies, paper, lumber, bulk		●		●	●	●	●	●	●		●		●	●				●	●	●	●
Grocery products, department store merchandise, industrial products, home/office furniture & supplies, expedited		●		●	●	●	●											●			
Bulk									●										●		●
Dry van	●	●		●	●	●	●				●				●	●	●	●	●	●	●
Household goods, high-value electronics, trade show, special commodities	●	●		●	●		●	●		●			●	●		●		●	●	●	●
Industrial manufacturing, retail, high-tech/electronics, healthcare, automotive	●	●		●												●		●	●		●
Dry van truckload, general commodities		●			●	●	●	●	●									●		●	●
Supply chain operations	●			●	●		●				●				●	●		●	●	●	●
General commodities	●	●		●	●	●									●	●		●	●	●	●
Retail, consumer goods, apparel, beverage, energy, food and paper	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●		●	●	●	●
Retail, food & beverage, consumer goods		●			●	●												●			●
General commodities	●			●		●										●		●	●	●	●
Foodstuffs, beverages		●			●	●					●										
Manufacturing, wholesale, retail, government	●			●															●	●	

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

Reliable Transportation: A Key Ingredient to Baking Success

When it needs equipment and consistent service, this supplier to the food industry turns to RWI Transportation, one of its core carriers, to deliver.

Dawn Food Products supplies a complete line of baking products and equipment to the food industry. The transportation and distribution needs of this global enterprise are complex, supported by an expansive distribution network that includes eight manufacturing plants, 18 distribution centers, and five cold-storage facilities; next-day service to more than 40 major markets; and national and international capabilities.

Recently, Dawn Foods has focused on streamlining its distribution and transportation operations—depending on solid performance levels from its carrier partners. The company uses a scorecard approach based on on-time delivery, pick-up, tender acceptance, drop loads, and entry event into its transportation management system, according to Larry Olkein, director of logistics.

An asset-based third-party logistics provider and one of Dawn Foods' core carrier partners, RWI Transportation is able to constantly secure needed equipment in specific lanes and provide consistent service with more than



98 percent on-time delivery. RWI covers a large volume of shipments involving approximately 70 percent specialized temperature-controlled equipment; the remainder moves in dry vans. In fact, RWI covered more than 2,000 shipments in a 12-month period in 2011-2012 in a wide variety of key lanes.

Having the type of equipment available, when and where it's needed to support Dawn Foods' distribution network,

is only part of the equation for success. It's also all about consistent service. "When RWI says they'll have a truck there, they'll have a truck there," says Olkein. "They also provide us competitive rates, and they work hard for us. RWI is one of the shining stars in our network."

In fact, RWI Transportation consistently ranks among the top three providers in every quarterly review with Dawn Foods. Now that's amazing service.

THE SHIPPER: Dawn Food Products Edison, New Jersey • www.dawnfoods.com

Founded in 1920, Dawn Food Products supplies a complete line of quality, consistent mixes, bases, icings, glazes, fillings, frozen dough, par-baked and fully baked products, and equipment.

THE PROVIDER: RWI Transportation Wilders, Kentucky • www.rwitrans.com

RWI Transportation is an asset-based logistics company providing regional and national truckload, less-than-truckload, expedited, and refrigerated warehousing services. RWI is an affiliate of the Castellini Group of Companies, one of the largest distributors of fresh fruits and vegetables in the United States.



www.RWltrans.com

www.inboundlogistics.com/3pl

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GOIN' MOBILE

Mobile communications technology signals
new productivity gains for truckers.

by Marty Weil

THE TRUCKING INDUSTRY HAS CHANGED DRAMATICALLY OVER THE PAST 50 years. As domestic and global economic pressures squeeze the operating margins of trucking companies, mobile communications technology has emerged as a viable tool to help truckers move forward in a tough environment. For many carriers, mobile communications may prove to be the difference between revving up and giving up.

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In the midst of the current economic climate, trucking companies face three principal challenges to operational efficiency: regulatory compliance issues, cost control, and rising customer expectations.

■ **Regulatory Compliance.** In 2010, the Federal Motor Carrier Safety Administration (FMCSA) introduced Compliance, Safety, Accountability (CSA), a regulatory program that raises compliance issues to a new level.

The program, which was designed to reduce the number of crashes, injuries, and fatalities related to the industry, measures the prior two years of driver/carrier roadside violations, rates individual carriers according to safety levels, and intervenes to identify, address, and correct problems before crashes occur. CSA measures a range of performance categories, including unsafe and fatigued driving, driver fitness, controlled substance/alcohol use, vehi-

one and three percent. Fuel costs are volatile and rising. Hiring and training new drivers is a significant expense, not to mention the capital involved in maintaining a fleet.

■ **Rising Customer Expectations.** Adding to their business challenges, carriers find themselves operating in an environment of high customer expectations. Shippers expect not only on-time deliveries, but also visibility to their cargo in transit, as well as the opportunity to make changes if shipments are delayed or schedules altered.

Where do trucking companies turn to meet these challenges, and others? Increasingly, they are embracing mobile communications technology.

From Excellent to Exceptional

“Our mission is to make truckers more safe, compliant, and efficient through the

a driver display that can be either portable or in-cab, graphical or text-based, according to the driver’s preference. The wireless communication operates over cellular; cellular and satellite; or WiFi, so three modes of communication are possible between the truck and the back office. All information is delivered to the back office, where PeopleNet posts it on the PeopleNet Fleet Manager Web site.

In addition, PeopleNet’s sister company, Vusion, analyzes the data to create reports, including predictive analytics, that help fleet managers make more efficient decisions.

One major carrier benefitting from this technology is Thomasville, N.C.-based Old Dominion Freight Line, which began using PeopleNet mobile solutions in 2009. Old Dominion is a national, less-than-truckload motor carrier providing one- to five-day service among six regions in the United States, and next-day and second-day service within these regions. The company’s fleet totals more than 6,000 trucks.

“Before implementing the PeopleNet system, Old Dominion relied on paper logs,” says McLaughlin. “The carrier didn’t have an effective way of managing miles-per-gallon.”

Old Dominion also did not utilize many advanced safety tools, such as technology in the cab to measure speed, speed vs. the speed limit, or other safety metrics. Further, it lacked an efficient way to manage route efficiency.

These issues improved, however, after installing the mobile technology tools. “Once the PeopleNet system was installed, Old Dominion was able to accurately measure miles-per-gallon, idle times, stop times, and travel times,” says McLaughlin. “It was also able to significantly increase fuel performance, reduce fuel spend, and boost driver efficiency. Additionally, the use of electronic logs helped the fleet become safer and compliant, which had a positive impact on Old Dominion’s CSA score.”

Because CSA scores are public information, this is a critical benefit. If a carrier has a good safety score, it will be able to attract good drivers and customers. If a carrier has a bad score, however, everyone knows it. Drivers don’t want to work for fleets with bad scores, shippers don’t want

Installing a mobile technology system helped Old Dominion Freight Line significantly increase fuel performance, reduce fuel spend, and boost driver efficiency.

cle maintenance, and cargo-related and crash incidents.

CSA 2010 includes prior Hours of Service (HOS) regulations that provide for an 11-hour driving and 34-hour restart period for drivers. Truckers who drive more than 100 miles from their home base have to declare a minimum of seven days of HOS history. Adding the International Fuel Tax Agreement and anti-idling mandates creates a mountain of mostly paper documentation that carriers are required to collect, record, and report to appropriate government agencies.

■ **Cost Control.** While regulatory pressure has ratcheted up, the economy has spiraled down. One industry analyst describes fleet profitability as being “on life support,” with margins averaging between

use of onboard technology,” says Brian McLaughlin, president of PeopleNet Communications Corporation, a Minnetonka, Minn.-based onboard computing and carrier fleet communications provider. The company develops its own applications and partners with third-party providers to deliver solutions encompassing route management, safety and compliance, end-to-end vehicle management, and supply chain communications.

“We wrap together many different carriers, including approximately 40 Code Division Multiple Access (CDMA) providers, and represent that network to our customers,” says McLaughlin. “Customers then deal directly with us.”

The PeopleNet system comprises several components. Its onboard component offers

DEDICATED CONTRACT CARRIAGE / BULK TRANSPORTATION / INTEGRATED SOLUTIONS



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PeopleNet's onboard computing and mobile communications systems automate truck fleet management, and help carriers comply with driver Hours-of-Service regulations.

them to haul their freight, and in some cases, authorities can take action to shut them down.

"Old Dominion was a safe carrier to begin with, and had an excellent CSA score," says McLaughlin. "But mobile technology was able to make it even better and help the company continuously improve."

The PeopleNet solution began paying dividends even before it went live across the organization, according to Tom Newby, Old Dominion's director of field maintenance. "While we were testing the system, we received a fault code from PeopleNet indicating low oil pressure in one truck," he explains. "A maintenance representative called the driver, and instructed him to pull over and park."

As a result, Old Dominion incurred

minor repair costs, compared to the engine failure that would have occurred if attention to the problem had been deferred until the driver returned to the terminal for diagnosis. "We saved \$20,000 – the cost of a catastrophic engine failure," Newby says.

State of the Art, Improved

One of the industry's best-known mobile communications tools is the Delivery Information Acquisition Device (DIAD), which UPS introduced in 1991 (*see sidebar, page 76*). In February 2012, UPS began global implementation of the fifth-generation DIAD V. The new smaller, lighter computer will boost UPS driver productivity, while accelerating the delivery of package information to the UPS network, including shippers, according to the expediter.

The computer also is the first in the industry to leverage Gobi radio technology, which allows instant switching of cellular carriers if one signal is lost. This feature ensures the device stays connected to the UPS network.

"Gobi dramatically increases our coverage and keeps connections more robust so drivers are in coverage for the maximum amount of time throughout the day," says Todd Brown, project manager at UPS. "We try to hit 100-percent coverage, which is not always possible. But with Gobi, we can switch between radio technologies while drivers are out on their routes."

This allows UPS to be in constant contact with its drivers, and to know where they are and what they are doing. It also allows UPS to dispatch new work to those drivers.



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DIAD, Then and Now

DIAD (Delivery Information Acquisition Device) is the handheld data collector UPS drivers use to record and transmit delivery information across a mobile cellular network. It also helps UPS save 59 million sheets of paper each year. Here's a look at DIAD's evolution.



1991

The Original DIAD

- Electronically captured delivery information, including signatures.
- Uploaded delivery information at end of day upon return to UPS.
- Scanned bar codes.
- Programmed routes and maintained timecard information.
- Tallied cash-on-delivery payments.
- Had only 0.75 megabytes of memory.

DIAD V 2012

- Switches on-the-fly between cellular carriers, independent of cellular technology.
- Has fast WiFi support (600 mbps) to enable larger and richer content downloads, such as training videos.
- Incorporates a color display and microprocessor with expanded memory to support driver training and future applications, including navigation.
- Is about half the size (3.5 inches) and weight (1.3 pounds) of the last iteration of DIAD IV.
- Integrates a color, auto-focus, flash camera that could be used to enhance proof-of-delivery and help resolve customer claims.
- Contains a multi-dimensional imager to decode many symbologies, including UPS linear bar codes, without requiring the driver to rotate the DIAD to capture the bar code.



When UPS talks about visibility, it's largely from the shipper's perspective. "Basically, we deliver a package," explains Brown. "The driver enters the shipping information; it ends up in the main-frame computer and the customer can see a proof of delivery almost immediately."

DIAD also provides visibility to UPS operators. "Several systems allow the call center operators to monitor activities on the road," says Brown. "If a customer calls for a pickup, the operators have the tools to locate the driver closest to the customer so that we can meet our commitment times."

The data also helps operators change routes if circumstances warrant. The initial route optimization work is done when the driver leaves in the morning. The goal, however, is to optimize routes throughout the day, so if traffic or another situation delays a driver, UPS can factor these new conditions into the initial optimization.

Fast Forward

Brown is not sure where the future of mobile communications is headed; but he knows it is headed there faster.

"Mobile communications are moving faster; data throughput across the air now happens as fast as when physically connected through a jack in the office," he says.

"That speed allows us to send more data," he adds. "Information we currently package up and send across the wireless LAN in the morning will become information

we can send cellularly throughout the day."

Because UPS has 100,000 drivers on the road on any given day, it tries not to saturate communications networks with a lot of data. But, as throughput increases, the

"Some drivers were resistant when we introduced DIAD in 1991," notes Brown. "But today, the drivers understand what having electronic data has enabled."

Every UPS driver uses a manifest that provides full visibility to all packages in their truck. Prior to DIAD, a driver would take out one package, then see what the next one was.

Finding Acceptance

"Five to 10 years ago, drivers were resistant to the changes brought on by onboard communications, but the pendulum has swung dramatically," says McLaughlin. "In the old days, when drivers arrived at a stop, they would have to write down when they arrived, what they delivered, and when they left. It was like a math quiz.

"All that is automated now," he continues. "When drivers arrive at a destination, a geofence around the stop automatically records arrival and departure; and an electronic form prompts them for information about the goods delivered."

McLaughlin recalls one trucking company whose oldest and best driver vehemently fought the adoption of PeopleNet technology. The driver thought the communications system would take away his freedom.

One year later, when he got a new truck, this same driver demanded that the system be


installed in the truck before he would drive it.

What better testament to the power of mobile communications systems? ■

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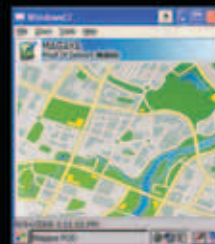
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expediter will be able to send more data.

Both Brown and McLaughlin agree that driver resistance to new technology has diminished appreciably in recent years.



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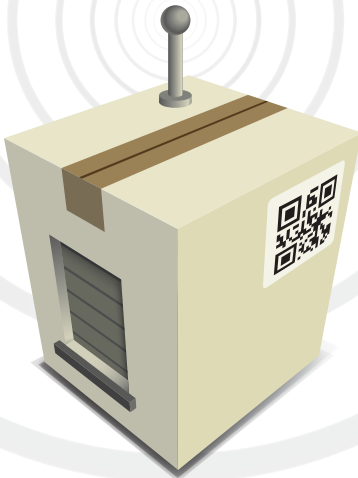


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COMPANY	PRODUCT	DESCRIPTION
H 3PL Central Manhattan Beach, Calif. 3plcentral.com 888-375-2368	3PL Warehouse Manager	Manages inventory in real time with global visibility, automated reporting, online order entry, lot/serial number tracking, billing management, electronic data interchange (EDI), bar-code scanning, and a supplier module.
B Accellos Colorado Springs, Colo. accellos.com 719-433-7000	AccellosOne Warehouse	Integrates accounting/order and shipping software systems, EDI systems, SAP's Crystal Reports software, radio frequency and bar-code hardware, and warehouse automation equipment.
B AEB International Leamington Spa, U.K. aeb-international.co.uk +44 0 1926 801250	ASSIST4	Provides end-to-end support for all warehouse processes, including goods receipt, quality control, stock placement and transfers, crossdocking, picking, packing, labels and shipping documents, and mobile applications.
L AL Systems Rockaway, N.J. alsystems.com 800-548-3745	DynaPro	Combines paperless picking and packing systems, shipping and manifesting tools, and warehouse control systems with real-time reporting and labor optimization tools.
L Apriso Corporation Long Beach, Calif. apriso.com 888-400-7587	FlexNext Warehouse	Synchronizes warehouse tasks with manufacturing operations to manage processes end-to-end, supporting just-in-time, in-sequence strategies.
B ASC Software Dayton, Ohio ascsoftware.com 937-429-1428	ASCTrac WMS	Supports inventory and billing through configurable, radio frequency (RF) directed workflow and user-defined views. Provides Food and Drug Administration-style lot traceability of purchased and manufactured inventory.
H ASP Global Services Chatsworth, Calif. spherewms.com 866-887-2972	SphereWMS	Manages receiving, shipping, and inventory control activities, including ad hoc reporting and integration to QuickBooks and other systems.
B Blue Sky Technologies Waxhaw, N.C. blueskytech.com 704-256-3099	Insight	Provides the ability to measure key indicators, monitor process improvements, and maintain supply with dashboarding and scorecards.
B Butler Commerce Solutions Raleigh, N.C. bcafreedom.com 800-729-7950	WMS for Infiniti	Supports bar-coding and/or RFID in receiving, putaway, picking, packing, shipping, and transfers for multiple locations. Supports multiple languages and complete container receipt processing using scanning.
B Cadre Technologies Denver, Colo. cadretech.com 866-252-2373	Cadence Fulfillment	Manages order fulfillment, warehouse logistics, and shipping for third-party logistics and fulfillment companies, e-commerce retailers, and distributors. Integrates critical functions in real time.

COMPANY	PRODUCT	DESCRIPTION
B Camelot 3PL Software Charlotte, N.C. 3plsoftware.com 866-3PL-SOFT	3PLink	Provides 3PLs with robust operational technology to satisfy multi-tenant inventory management, service billing, EDI, wireless scanning, Web visibility, reporting, and document and freight management.
B CorePartners Frederick, Md. corepartners.com 866-267-3967	CoreIMS	Supports standard warehouse functionality; integrates with QuickBooks and Sage software products. Multi-language support for user interfaces. Available 3PL functionality, including ownership and billing.
B Datex Corporation Clearwater, Fla. datexcorp.com 800-933-2839	FootPrint WMS	Controls materials movement and storage, with ad hoc reporting; activity-based billing; real-time information visibility; lot track and trace; ERP integration; and accounting applications.
H Deposco Alpharetta, Ga. deposco.com 877-770-1110	ShipForce	Receives orders using WiFi-enabled handheld devices, and validates receipts against purchase orders or advance shipping notices. Manages directed putaway and picking. Provides tools required to build and manage shipments.
B Epicor Software Dublin, Calif. epicor.com 800-999-6995	Epicor Distribution ERP	Offers end-to-end supply chain management capabilities, including customer relationship and financial management, business intelligence, and integrated shipping.
B FourSoft Hauppauge, N.Y. four-soft.com 631-752-7700	4S eLog	Supports bar-code and RF technology; integrates supply, fulfillment, and partner collaboration into one enterprise service platform; provides end-to-end visibility and value chain integration.
B Foxfire Software Greenville, S.C. foxfiresoftware.com 864-868-5243	Foxfire WMS	Automates warehouse business processes such as receiving, putaway, inventory and location management, cycle counting, waving, allocation, multiple picking methods, loading, shipping, and ERP integration.
H Gray Peaks Raleigh, N.C. graypeaks.com 919-844-7724	WMS On Demand	Manages regulatory requirements, streamlines warehouse operations, and provides shipment visibility and data.
L HAL Systems Newnan, Ga. halsystems.com 770-927-0700	HAL WMS	Identifies and locates products; interfaces with inventory control systems; manages radio frequency terminals, scanners, and bar-code printers.
B HighJump Software Minneapolis, Minn. highjump.com 800-328-3271	Warehouse Advantage	Supports receiving, putaway/flow-through, inventory management, order processing, replenishment, pick/pack, loading, and shipping. Provides the ability to build unique workflows.





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COMPANY	PRODUCT	DESCRIPTION
L IBM Armonk, N.Y. ibm.com 877-426-3774	Sterling WMS	Provides complete control and visibility from product receipt through fulfillment; exception-based management; and capabilities for managing value-added service requirements.
L Infor New York, N.Y. infor.com 800-260-2640	Infor SCM's Warehouse Management	Enables users to see what inventory is or will be available, organize work, align resources and labor, and optimize fulfillment and distribution processes to ensure products are delivered on time and in full.
L Infosite Technologies Boisbriand, Quebec infositetechnology.com 888-395-0354	DM Warehousing	Supports full rework, repack, restack, movement, putaway, product transfer, and other warehouse operations.
L Interlink Technologies Perrysburg, Ohio thinkinterlink.com 800-655-5465	Warehouse Link (WHSe-LINK)	Manages receiving through shipping using wireless, bar-code technology. Supports multi-building/location/company operations, and provides detailed, real-time inventory visibility.
L Int'l. Business Systems Folsom, Calif. ibs.net 916-985-3900	IBS Dynaman	Controls moving and storing materials, and processes the associated transactions, including shipping, receiving, putaway, and picking.
H International Data Systems San Diego, Calif. internationaldatasystems.com 619-585-7188	Velocity WMS	Manages receiving, inventory control, order fulfillment, shipping, and warehouse charges calculation/billing. Available in English and Spanish, with EDI integration, mobile computing, and bar-code scanning capabilities.
L Invata Intralogistics Conshohocken, Pa. invata.com 860-819-3200	FastTrak WM+	Provides real-time warehouse management, and controls product and order flow from dock to customer; optimizes infrastructure, labor, inventory, and transportation.
L IQMS Paso Robles, Calif. iqms.com 866-367-3772	EnterpriseIQ	Enables either serialized or non-serialized bar-code transactions using hand-held devices or PDAs, so users can completely manage inventory from receipt through shipment without keying any information into a desktop computer.
B Knighted Ossining, N.Y. knightedcs.com 914-762-0505	Vision WMS	Manages a variety of picking methods, including batch, case, pallet, piece, wave, zone, voice-directed, and pick-to-light. Enables multi cross-channel retail and wholesale distribution, and process and automation control.
L LOG-NET Red Bank, N.J. log-net.com 732-758-6800	LOG-NET Shipment and Warehouse Management	Provides operational functionality to plan, receive, process, and invoice warehouse activities. Specifically facilitates warehouse bookings, receiving, transfers, load plans, and manifests; offers global inventory visibility; and processes over, short, and damage exceptions.

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COMPANY	PRODUCT	DESCRIPTION
B Logfire Atlanta, Ga. logfire.com 678-261-9000	LogFire WMS	Provides tools to effectively manage all warehousing processes and control inventory, including receiving, order fulfillment, shipping, warehouse billing, mobile computing, bar coding, and reporting.
L Logility Atlanta, Ga. logility.com 800-762-5207	Voyager WarehousePRO	Allows companies to effectively manage all warehouse activities, including receiving, putaway, crossdocking, wave/batch/zone picking, verification, transfers, replenishments, pick/pack/ship, and container tracking.
B Logimax Jacksonville, Fla. e-logimax.com 855-253-8855	Logimax	Offers warehouse automation, repack/assembly, yard management, integrated billing, e-commerce tools, and real-time customer Web access.
B Made4net Paramus, N.J. made4net.com 201-645-4345	WarehouseExpert	Improves inventory accuracy, maximizes space utilization, and automates order fulfillment, replenishment, pick and pack, loading, and shipping.
L Magaya Miami, Fla. magaya.com 786-845-9150	Magaya WMS	Controls cargo transfer, receipt, and storage, and provides integrated accounting. Increases the speed and accuracy of receiving, sorting, counting, picking, and loading by scanning bar codes with wireless handheld units. Offers real-time inventory visibility.
B Manhattan Associates Atlanta, Ga. manh.com 770-955-7070	Warehouse Management	Optimizes distribution facility space, staff, inventory, and equipment. Included in the Distribution Management suite of the Manhattan SCOPE portfolio. Increases billing, inventory, and order fulfillment accuracy.
L Mincron Software Systems Houston, Texas mincron.com 800-299-7010	Warehouse Solution	Offers a menu of capabilities to reduce inventory, fill orders quickly, improve accuracy, prioritize shipments, maximize worker productivity, minimize wasted space, and ensure customer fulfillment.
L N'Ware Dover, N.H. nwaretech.com 800-270-9420	LISA Distribution	Controls moving and storing materials, and processes all associated transactions, including directed picking and putaway, first in/first out logic, and optimized path.
H Next View Software Orange, Calif. nextviewsoftware.com 714-881-5105	Next View WMS	Optimizes inventory, space, and labor across the supply chain. Provides complete visibility of raw materials, work in process, and finished goods across manufacturing, distribution, retail, and 3PL facilities.
B NTE Oakbrook Terrace, Ill. nte.com 888-607-9372	NTE Warehouse Management	Provides flexible location management and storage definition capabilities, allowing control of inventory across multiple customers, suppliers, warehouses, and distribution centers.



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B Oracle Redwood Shores, Calif. oracle.com 800-633-0738	Oracle Warehouse Management	Provides complete warehouse management capabilities including advanced wave planning, crossdocking, and demand-driven replenishment. Can be implemented with Oracle E-Business suite or standalone.
B ProAct International Denbigh, U.K. proact.net +44 0 1745 816315	ProAct Enterprise Supply Chain Manager	Offers inbound, outbound, and inventory control; task-driven RF interleaving capability; and EDI. Functionality extends into purchase order and transportation management.
B Qdata Inc. Markham, Ontario qdata.com 800-900-7226	RF Plus	Allows manufacturers to receive and consume raw materials, then produce, warehouse, and fulfill finished goods. Validates against ERP trace and quality control settings.
B QSSI Somerset, N.J. qssi-wms.com 800-338-4420	PowerHouse WMS	Improves inventory accuracy and customer service levels; reduces order processing time, putaway, and picking errors; enhances labor and warehouse resources; and decreases inventory carrying costs and physical inventories.
H Reddwerks Austin, Texas reddwerks.com 512-257-3031	Warehouse Control System	Manages warehouse functions including stocking, packing, palletizing, receiving, wave planning, putaway, and replenishment.
B RedPrairie Alpharetta, Ga. redprairie.com 877-733-7724	RedPrairie Warehouse Management	Optimizes inbound and outbound shipments. Provides inventory management, slotting, picking, packing, assembly, asset management, voice, and distributed order management.
L Retalix Plano, Texas retalix.com 469-241-8400	Retalix WMS	Manages route-based, multi-stop distribution operations with tools and features designed to enhance efficiency and improve customer service.
L RF Pathways Mississauga, Ontario rfpathways.com 866-823-6114	RF Pathways Warehouse Management System	Facilitates warehouse functions including receiving, crossdocking, putaway, inventory management, picking, staging, and shipping.
L Robocom Systems Farmingdale, N.Y. robocom.com 631-753-2180	R-WMS	Definable options include paper, RF, or voice, as well as functionality such as receiving, picking, and shipping. Tracks date, lot, weight, length, size, serial number, and point of origin at the item level.
B Royal 4 Systems Long Beach, Calif. royal4.com 562-420-9594	WISE	Controls inbound, value-added services, outbound, automated storage and retrieval systems integration, and sequencing for just-in-time deliveries. Includes tools for load planning, delivery scheduling, and EDI advance ship notice confirmation.

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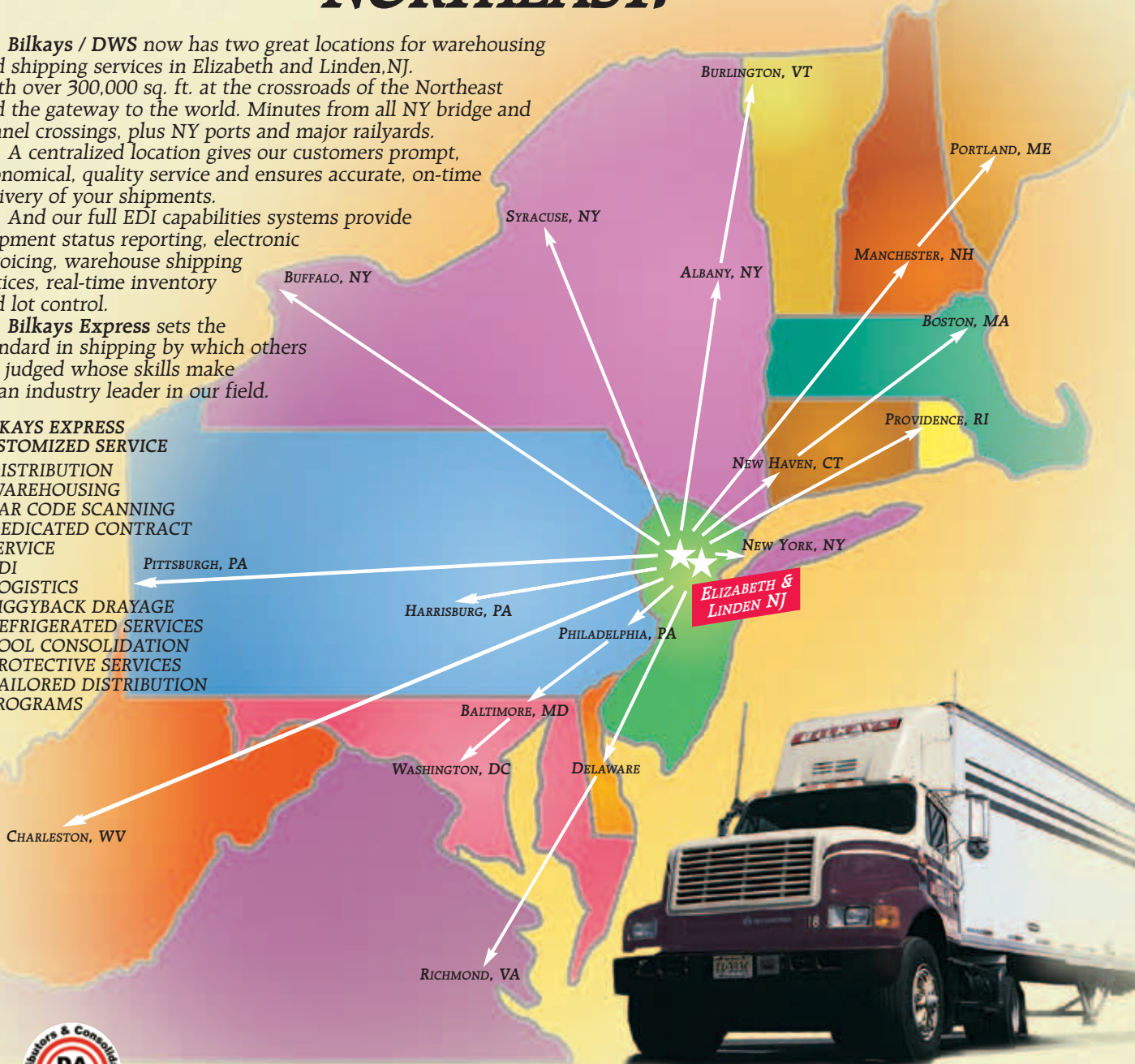
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L Sage Software Irvine, Calif. sage.com 866-530-7243	Sage ERP X3	Manages all inbound, outbound, and intra-site stock movements. Integrates receipts, shipments, inter-site transfers, and returns with sales and purchasing data.
L SAP Newton Square, Pa. sap.com 800-872-1727	SAP Extended Warehouse Management	Processes goods movement and manages stock in distribution facilities, including putaway, receiving, crossdocking, and wave and replenishment processing.
B Softeon Reston, Va. softeon.com 703-793-0005	Softeon WMS	Manages warehouse receiving through shipping, including assembly/kitting and reverse logistics. Orders are sourced through distributed order management and integrated with demand planning. Rules engine enables real-time changes to business rules.
B Sologlobe Montreal, Quebec solochain.com 514-938-4562	SOLOCHAIN	Supplies end-to-end inventory tracing and visibility. Includes order management, inbound execution, advanced picking and shipping functions, voice recognition technology, yard and dock management, 3PL advanced billing, manufacturing execution, and dynamic slotting.
B Supply Vision Chicago, Ill. supply-vision.com 847-388-0065	Supply Vision WMS	Automates 3PL and small to mid-sized manufacturer warehousing and distribution activities. Optimizes receiving, putaway, and picking processes with integrated shipping solutions.
H Synergy Logistics Charleston, S.C. snapfulfil.com 843-577-5007	Snapfulfil	Facilitates receiving, putaway, replenishment, and picking. Provides audit and inventory control, data integration, and dispatch management.
B TECSYS Montreal, Quebec tecsys.com 800-922-8649	TECSYS WMS	Automates and optimizes logistics processes. Provides extended functions including visual logistics, real-time collaboration, distribution, transportation, and mobile delivery management and business intelligence.
B Vai Software Ronkonkoma, N.Y. vai.net 800-VAI-7776	VAI S2K Warehouse Management Software	Provides paper-based and RF processing for inventory receiving, putaway, movement, picking, and order shipment verification. Includes integrated EDI features for label printing and electronic advance ship notices.
L Westfalia Technologies York, Pa. westfaliausa.com 800-673-2522	Savanna.NET	Controls and optimizes all product flows, order picking, reverse logistics, yard management, and manual operations. Integrates with all existing hardware and software including ERP, Web, and RFID.
H WITRON Arlington Heights, Ill. witron.com 847-385-6000	Witron WMS	Allows distribution centers to automatically pick cases, build pallets of mixed SKUs, and stretch wrap and ship orders. Multi-language support for user interfaces allows the same platform to be used internationally.

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Choosing the Right WMS For Your Business

Q: The WMS selection process seems to be based on spreadsheets and feature-driven lists of requirements. Is this the best place to start?

A: Many consultants and professional organizations suggest companies can select a WMS by reviewing standard feature lists, conducting a conference room pilot, and adding customization as needed to deliver the design and WMS that suits their business.

But this process is expensive, and ignores some of the fundamental tenets of process re-engineering. Most companies insert processes and build workarounds over the years to manage specific business environments and conditions—many of which cease to exist over time.

This process also ignores the opportunity to craft elegant solutions that are highly efficient and precise, and built to economically meet exacting business needs.

Start by developing a clear understanding of your business processes, including orders, physical handling, inventory flow, and data flow. Conduct a process and business engineering review, eliminate non-value-added steps, and automate where appropriate. Concentrate on what your business needs, not how to fit your business to a software product. Create an ideal solution based

on your functional needs, and select partners and approaches that are focused on listening to and precisely meeting these needs.

Q: What influence does automation have in selecting a WMS partner?

A: Increasing reason exists to select a WMS partner with real-time orientation and process engineering experience. It will deliver better ROI and a more reliable result.

Several years ago, large manufacturer integrators became disenchanted with the risk and reward of WMS software development, the constraints of in-house software on their manufacturing capacity and utilization, and post-sale support liabilities.

These integrators simultaneously developed independent zone controls to manage automated conveyors and other machinery within the warehouse as they began to develop contract WMS relationships. A gradual split began to occur between the experts in automation, real-time controls, or warehouse execution systems, and the WMS providers that were more interested in the broader planning, scheduling, order management, and inventory management aspects of the business.

The impact of this shift is still being felt today. Many fulfillment center owners yearn for a single source of responsibility and accountability, as well as more efficient solutions that use fewer computers; deliver comprehensive tools for managing order flow, inventory, and automation; and have only one software support contract—all with a complete and real-time situational awareness of the physical and logical subsystems in the fulfillment center.

Today, by combining WMS, WCS, TMS, and automation into a seamless solution, companies can achieve substantial savings, including reductions in computer equipment and controls, more efficient routing and order picking, less automation, and decreased space, labor, transportation, and support costs.

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KEVIN
READER

Chief Marketing Officer
Invata Intralogistics

With WMS, Small Businesses Can Do It All

Q: How can smaller companies respond to the supply chain demands of their large customers?

A: The best way for suppliers to respond is to manage their own segment of the supply chain as efficiently as possible. They must optimize their inventory and distribution operations by applying the proper resources—human, financial, and technological—to drive excellence in their execution. This means implementing tools that provide visibility up and down the supply chain, such as enterprise resource planning solutions with adaptive forecasting and tightly integrated warehouse management systems (WMS). Well-trained teams can use these tools to respond to customer demands.

These systems—once cost-prohibitive to all but the largest enterprises—have come down-market, and are now available to small and mid-sized companies.

Vice President Global Channels
N'Ware Technologies

RALPH
HESS



Q: What methods are smaller companies using to finance supply chain solutions investments?

A: Most companies don't realize they have capital and liquidity sitting right in their warehouses. They can achieve high returns on investment by implementing WMS and adaptive forecasting tools.

A WMS that uses directed activities and storage optimization usually generates 30-percent labor savings; nearly eliminates shipping errors, which industry experts value at \$200 to \$300 per error; and improve inventory accuracy to 99.9 percent, thereby increasing fill rates.

Adaptive forecasting takes into account minimum stock levels, lead times, forecasts, seasonality, and service levels to calculate the optimal level of inventory needed to meet customer demands. These tools continuously monitor demand versus forecasts and stocking positions to adapt to the most current information.

This approach drives down required inventory levels by a minimum of 10 to 20 percent. When properly configured and implemented, these two tools generate savings

that more than pay for themselves within one year.

Q: How do cloud-based technologies impact wholesale/distribution companies?

A: Cloud-based computing is a concept of moving internal information technology infrastructure to a hosting facility with many other companies running the same software. They are the same tools—the cloud just runs them in a different place. Most software publishers provide their solutions across multiple platforms, so if your company possesses an aging IT infrastructure that needs to be replaced, consider a cloud-based version of the software solution you need.

When evaluating cloud-based tools, remember to focus on substance, not style. Carefully analyze the costs and benefits over a three-to five-year window to make the best decision for your organization.

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Collaborative Visibility for Optimum Efficiency and User Experience

Q: Why is collaborative visibility important?

A: Supply chains have become extremely complex and fluid. The number and variety of products has exploded, lifecycles have shrunk, and interdependencies between organizations are at an all-time high. Natural disasters such as Japan's tsunami in March 2011 showed that a major global event can have a far-reaching impact on supply chains.

To move ahead of competitors, it is critical that organizations collaborate using electronic, real-time information sharing, merged from multiple partners in a single actionable environment. Collaborative visibility is the way forward.

Q: How can businesses achieve real-time collaborative visibility?

A: Collaboration is evolving from exchanging to sharing information on demand, delivered through technology that consolidates information from multiple systems and trading partners into simple, operational, transactional views that are shared and accessed securely.

Organizations seek platforms designed to merge internal and external information into transactional systems with a view across their supply chain execution system. Jumping between dissimilar applications, or working with outdated text-based systems will no longer be acceptable. The new generation expects graphical, intuitive, relevant information in real time.

Q: What makes visualization "actionable"?

A: The days of verifying comments on picklists every hour are long gone. Today, through visualization, interactive dashboards pulling data from various sources support executive decisions that reach to the operator level, drawing immediate attention to problems, exceptions, and opportunity areas. Visualization tools, such as intuitive visual indicators, will become the standard used for everyday warehouse transactions – from receiving to shipping.

Q: How will innovators use collaborative visibility to achieve competitive advantage?

A: Collaborative visibility will transform front-line workers' tasks from simple, repetitive processes to more complex, exception-based execution to achieve optimum accuracy and fill rate, which positively impacts customer satisfaction and the bottom line. Imagine rugged, android-like technology that alerts packers to product damage; allows receiving operators to update manufacturer inspection guidelines with one click; and notifies shipping clerks of pickup delays, then automatically presents alternate shipping options.

None of this could be accomplished without a collaborative platform for complete, real-time visibility with dynamic visualization across the supply chain. This is the future frontier: taking some key tools from the executive suite, and empowering warehouse forklift operators with innovations that matter.

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JOHN

REICHERT

WMS Product Marketing Manager,
TECSYS Inc.

Second-Generation Logistics Software: Accessible Anywhere

Q: What is the latest logistics software trend?

A: Transportation management systems (TMS) have morphed into communication hubs with Web and mobile access. The PC user interface for employees—while still crucial—is becoming much less important than it once was.

Q: How can that be?

The first generation of software focused on employees adding and viewing data in the office. Now it's all about other means of access. The second generation lets your system talk to employee, client, and vendor systems. If your system does half the job electronically, you save half your labor costs.

CEO
Aljex Software

TOM
HEINE



For third-party logistics providers (3PLs), less-than-truckload orders can come in via electronic data interchange (EDI) and be automatically routed according to lowest-cost carrier. Then the shipment information can be automatically transmitted to the carrier—all without a transportation manager even looking at it.

Q: What other types of communication are available?

A: Automated alerts are another useful tool. You can receive email alerts for everything from late shipments, missed pickups, credit warnings, low margins, short-pays, and insurance and compliance issues.

Alerts are great because you can be proactive instead of reactive. For example, if a customer is about to exceed its credit limit, you can receive an alert.

Alerts can bypass your staff and go directly to your customers and vendors. Customers can receive shipment status alerts, automated balance due statements, EDI transmission confirmations, and more. Vendors can receive accounts payable information, requests for insurance and compliance data, and status updates—all automatically from the TMS.

Q: Where does a company Web site fit in with this?

A: Most 3PLs have their clients and carriers access their system from the Web. Carriers can now self-bill, upload delivery receipts, and choose payment terms. Your customers can enter orders, track shipments, and print their own proof-of-delivery documents. If you are a 3PL, you no longer need to pay employees to do these jobs.

Q: Do mobile applications really help?

A: Think about combining apps with automated alerts, your Web site, and EDI. Your employees, clients, and vendors can access key information around the clock. If your staff receives an alert, they can access everything they need via their phone. If a customer or driver calls your employee for information, it is readily available. Better yet, the driver or client can look it up on your mobile application, and not have to call your staff at night or on the weekend. That's a winner.

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Available Capacity Brings Value to Today's Logistics Buyers

Q: From your perspective as a truck capacity provider, where is the balance between demand for trucking services and the currently available truck capacity?

A: It has been reported that up to 20 percent of truck-load capacity that existed in 2007 is gone. Some carriers are failing to deliver on time, and the day may come when shippers struggle to find trucks for their shipments. While we are not at a critical point yet, demand is increasing. Unless the trucking sector adds drivers and equipment, shortages will continue.

Q: What trends are affecting currently available truck capacity in the industry?

A: The industry is facing a driver shortage of more than 200,000 by some accounts, and new drivers entering the field expect more in terms of salary and perks.

Regulatory requirements and high fuel costs will lead to higher freight costs. They may also force smaller companies to look for ways to be acquired by larger ones who have the resources to weather this storm. Successful trucking companies should search for growth opportunities from acquisitions, and monitor the trend in increasing total intermodal loads.

Q: What strategies can logistics providers implement to make sure they have plenty of capacity for their shipping customers?

A: They can work with their network of agents and customers to identify trends and prepare for new developments. There are low-cost financing

programs for drivers to replace older trucks at the ports.

Training provides drivers and agents with current regulatory information and the tools to meet them. But we must all do more.

It really all comes down to planning and preparing. How can we collaborate on technology so trucks are always full? Where can we mesh operations for efficiencies? The goal is to build long-term relationships, and with that comes trust and the ability to make a difference.

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MATTHEW "BO"
BATES

President
The Evans Network of Companies

Asset-Based Carriers Give Shippers an Advantage

Q: What are the advantages of sourcing supply chain solutions directly through asset-based providers?

A: When capacity becomes tight, maintaining relationships with asset-based carriers gives shippers—and non-asset solution providers who partner with us—the peace of mind of knowing their supply chain and service will remain seamless and fluid.

When capacity is constrained, communication is essential to ensure the best outcome and a predictable supply chain that improves the customer experience. Working directly with a carrier provides advantages because the communication is clear and concise, without any barriers to understanding what it takes to create a competitive edge.

Q: How do you see the fall peak season developing over the next few months? And how can asset-based providers rise to meet the needs and expectations of their customers?

A: We expect modest growth on a year-over-year comparison. The period from the end of August 2012 until the holiday season will continue to be the most robust for surface transportation providers. Capacity will be in high demand, and supply chain professionals must manage it carefully. A surge in shipment activity occurred at the end of August, which may signal a strong finish to

An added benefit carriers offer shippers during peak season is the security of knowing their shipments are moving in a controlled environment managed by the professionals who designed it.

Q: How do asset-based providers benefit from transportation forecasting?

A: When you get it right, transportation forecasting generates momentum for an organization. This is fundamental to any business, but critical in the transportation industry, where carriers compete in a highly transactional environment and need to adjust variable costs effectively to be successful.



TERRENCE M.

GILBERT

CEO
New Century Transportation

the third quarter and a healthy final quarter of the 2012 calendar year.

September 2012 will be a challenging month for asset-based providers. This year there are two fewer business days, and for many customers, September is the end of a quarter. Therefore, it is critical for asset-based providers to communicate and align their operations with customer equipment needs. When they do this right, they can offer transportation solutions that provide the quality service shippers have come to expect.

Only the best are able to get ahead of the curve, and to accomplish that, they must be immersed in the available information. Executing proper interventions in the carrier's network provides growth opportunities for the enterprise. Managing to that core belief leads asset-based providers back to the customer, where active listening can pay off.

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For Truck Financing, Bank on a Transportation Expert

Q: What is the current market for financing and leasing commercial trucks and equipment?

A: Generally, the trucking industry is experiencing a favorable banking and finance market as most commercial banks continue to show relatively healthy interest in financing revenue equipment. Borrowing rates are near all-time lows, so locking in equipment financing today is appealing for most companies.

Nonetheless, economic uncertainty and higher new truck prices are causing more companies to consider used trucks, short-term leases, and rental options. In particular, it appears that truck leasing is poised for solid growth over the next few years: generally lower monthly payments via leasing allow companies to conserve capital. Additionally, increased maintenance costs and higher priced technology are pushing some companies toward leasing.

Q: How does this reflect the state of the trucking industry?

A: The trucking industry just pulled through several years of relatively low equipment replacement due mostly to uncertain economic conditions. Today, more companies are deciding to replace a portion of their older fleet out of necessity, leading to nominal growth in capital expenditure. This dynamic has created a relatively lower number of trucks on the road, which results in a favorable pricing environment. The improving rate environment benefits the trucking industry.

Q: What factors should carriers and private fleet owners consider when exploring financing partners?

A: Having an experienced financing partner is often more important than getting the best rate or terms on a deal. Many chief financial officers partner with a small number of financing partners who are consistent lenders to the transportation industry. It is important to partner with financial institutions that are in the market during each economic cycle and understand your business.

Q: How can a bank help a growing enterprise expand its fleet operations?

A: In the current market, banks can provide relatively low-cost capital to help finance a company's growth. Banks that operate equipment finance divisions can provide a full array of financing options to fit the client's needs. These options include operating leases, capital leases, and term loan purchase financing. Additionally, a transportation banking team can provide revolving credit facilities and guidance lines to accelerate new equipment funding as a client's business grows.

Overall, having a financing partner that specializes in your industry is important because it means they will understand your capital needs, collateral values, and financing alternatives.

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NICK

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Senior Vice President, Managing Director of Transportation Banking
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FREIGHT PAYMENT & AUDIT SERVICES



BEYOND BILLS

Freight payment and audit services
used to be all about billing accuracy.
Now they also deliver financial insights
through pre-payment auditing, reporting,
benchmarking, and analytics tools.

Freight payment and audit services have evolved considerably beyond their one-time scope of correcting errors and recouping spending for already-paid freight bills, particularly in the United States. Today, shippers want payment accuracy and far more from their data. They want to glean the same insights from their global transportation moves as they're getting from their domestic carrier data—supply chain visibility as well as the opportunity to pare costs to the bare minimum.

A segment of the freight payment service provider community is responding by offering an increasingly robust array of pre-payment auditing, reporting, benchmarking, planning, and analytics tools that are helping shippers ensure data integrity and improve supply chain decisions. They are also taking on the sometimes arduous task of understanding the laws, business practices, and translations necessary to do business in non-U.S. markets.

Shippers don't always fully recognize those expanded offerings. "Companies underutilize our services and capabilities because they think they need to go outside our partnership to get certain types of functionality," says Allan Miner, president of CT Logistics, a Cleveland-based freight bill payment services company. "But we probably offer more than 90 percent of the services they need."

Shippers who recognize that some freight payment service providers now offer vastly enhanced capabilities are reaping the benefits. "For many years, we were merely processors and information producers," says Harold B. Friedman, senior vice president, global corporate development for Data2Logistics, a freight payment company based in Ft. Meyers, Fla. "Now we are trusted advisors."

Pre Versus Post

Service providers differentiate post-payment audit from pre-payment audit. Audits conducted after carriers have already been paid focus on finding overcharge errors in those invoices, information the service provider or shipper can use to recover funds. This business model often means shippers don't bear any upfront costs for invoice processing; the freight

payment services firm typically keeps about 30 percent of any funds they recover.

Pre-payment audit firms scrutinize unpaid invoices, often collaborating with shippers and carriers to work out discrepancies in advance of payment. Shippers pay a fee for the service, rather than sharing the recovered funds with the service provider. Some service providers make payments on behalf of shippers in countries and currencies where they are authorized to do so. Others provide data back to shippers—including when to pay—and the shipper makes the payment.

A major benefit of audited freight bills is the accurate data they produce about all of a company's transportation moves. That's a basic building block of sound corporate and supply chain management: companies can allocate transportation costs accurately and undertake processes such as supply chain planning, route optimization, and carrier rate negotiation based on fully vetted data.

Currently, many shippers continue to use post-payment audit, and a sizeable number don't undertake any freight payment audit at all. A minority of shippers use pre-payment audit.

"Major shippers are realizing they need to audit pre-payment using an automated solution," says Phil Marlowe, president and founder of Charlotte, N.C.-based freight payment provider Acuitive Solutions. "Freight payment ultimately impacts many other processes, and if companies don't handle it properly, there can be downstream implications."

The economy has also impacted how shippers choose freight payment service providers. "The 2008 recession drove prices down via low-cost providers offering minimal services, and



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attracting shippers with a mandate to slash costs no matter what,” says Brian Scott, senior vice president, global sales, for CTSI-Global, a supply chain management solutions provider headquartered in Memphis, Tenn.

Many companies that switched to low-cost services are returning to their former providers, however, because the bargain services did not deliver adequate systems, tools, and access to data.

Freight Payment Goes Global

Shippers are increasingly extending their supply chains into new markets around the globe, and taking their expectations about freight audit and payment along with them. This shift has challenged freight payment service providers to expand their domestic expertise to global markets that may be unfamiliar with the freight payment business model.

“In Europe and Asia, we may have to start from scratch to get companies’ buy-in and educate them on the features and benefits of freight payment and audit as an outsourced solution,” says Keith Snaveley, senior vice president, sales and marketing at nVision Global Technology Solutions, a McDonough, Ga.-based freight payment and audit services provider.

These specialized needs are driving leading freight payment companies to open strategically placed overseas offices and develop relationships with knowledgeable resources in countries where clients are expanding their businesses. nVision Global, for example, maintains offices in Atlanta; San Jose, Costa Rica; the United Kingdom; and China, and processes invoices for 190 countries. Several providers with a presence in Europe and Asia are now expanding to Latin America and South America.

FREIGHT BILL AUDIT & PAYMENT HELPS BE AEROSPACE SOAR

Like many shippers, BE Aerospace sought a third-party freight payment auditor to ferret out rate errors and file service failure claims, but soon discovered the cascading benefits of gaining granular, accurate data about its transportation spend.

The Wellington, Fla.-based manufacturer of aircraft passenger cabin interior products implemented freight payment and auditing with CTSI-Global at its 30 sites using a phased approach, starting with the United States, then spreading internationally. Among the unexpected benefits of the process was a

reduction in the aging days for carrier invoices.

But the richness of the resulting data came as a surprise. “We have one repository from which we can pull data quickly and accurately,” says Steve Francke, corporate transportation manager for BE. That has proven useful in a number of ways:

- Enhancing rate negotiations. “We can identify our annual spend with multiple freight forwarders, then roll the total together to negotiate based on volume,” says Francke.

- Identifying shipping lanes and routes with each

freight forwarder, without relying on the forwarder for that information.

- Discovering best routes to support potential expansion into new markets.

Supply chain managers at each site can access CTSI-Global Web tools for queries and analysis of BE’s transportation data. The manufacturer also pulls data into its own business intelligence tool.

“Our company has grown quickly over the past 10 years through acquisition, so we have several sites with different operating systems,” says Francke. “CTSI-Global allows us to normalize data

into one reporting system.”

Other companies could benefit from freight audit technology by working to normalize data before beginning implementation.

“It’s tremendously important to have a good, accurate list of accounts, with naming and nomenclature issues worked out,” Francke notes.

The many benefits have Francke eyeing expanding to use CTSI-Global’s transportation management system (TMS) to gain capabilities such as optimizing loads, selecting carriers, tendering shipments, and tracking and tracing freight.

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JAGUAR STAYS FAST AND NIMBLE WITH FREIGHT BILL AUDIT

Logistics in the United States is different than in the United Kingdom—and so is freight bill payment and auditing. That's why Jaguar Land Rover North America LLC decided to shift freight bill auditing for its aftermarket parts operation from a U.K. provider to one with more intimate knowledge of the U.S. transportation market.

"We needed an expert in the United States," says Christian Sees, Jaguar parts operations analyst at Jaguar Land Rover. The company sought a pre-audit and payment service provider that was "big enough to

handle the job, but small enough for us to maintain close contact," Sees says. "Price and service were the main factors." The company selected Technical Traffic Consultants, a Congers, N.Y.-based provider.

The first priority was recouping excess freight transportation costs with parcel and niche less-than-truckload carriers. Within one year, Jaguar recovered five percent of its freight spend. "We were expecting hard cost benefits, though not as big as they were," Sees says. "But there were also soft benefits, such as cutting the time we

spend managing the audit and payments."

In addition to paying for itself with the revenue it recovered, outsourcing freight pre-audit and payment has provided Jaguar with visibility into its transportation spend for aftermarket parts, providing insights valuable for decisions such as carrier changes and allocating customers to be serviced by specific warehouses. Its carriers have also benefitted, because they are paid faster, enjoy a more streamlined payment process, and can access a portal to view and resolve disputed charges.

No one yet offers expertise across all verticals and around the globe, says Steve Layne, chief operating officer of Greenville, S.C.-based freight payment and audit provider Trendset Information Systems. "Some freight bill auditors claim they can audit any invoice, via any mode, between any origin and destination, anywhere on the globe, but the reality is, many nuances and differences exist," he says.

Working with Global Carriers

Because freight bill audit and payment is a relatively recent concept in non-U.S. locations, service providers work closely with both shippers and carriers to establish business processes for collecting the required data in the correct formats, to automate that data collection and roll the results into accurate global views.

"Outside North America, general bill statements are common—they don't contain much

detail," says Friedman. "As companies require shipment-level detail, carriers now need to create a detailed bill instead of a statement."

Many leading freight payment and audit service providers offer multiple options for carriers to submit freight bill data, including PDF, TIFF, electronic data interchange (EDI), spreadsheet templates, or rekeying into online portals—all alternatives to the least-desired means: paper. These efforts have largely been successful, and some service providers report higher use of electronic submission from carriers outside the United States.

Normalizing data is a large—and difficult—part of the freight payment and audit task, but it is essential to get all data into one format and gain visibility. For example, freight bills may arrive in euros, but the shipper wants data reported in U.S. dollars. Some data is more challenging to standardize, such as postal codes,

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International freight bills that have not previously been audited yield low-hanging fruit.

which vary in length and content by country.

Exceptions to the expected carrier data must be addressed manually by the freight payment auditor's staff, which drives up costs, so there is a strong incentive to standardize the data.

"Without good data, you can't audit freight bills," says Layne. "If data formats vary, it is difficult to automate processes, and the work becomes manually intensive, which is not cost-effective."

Overseas shipments are also more complex when it comes to destinations. In the United States, shipments move from a shipper's address to a consignee's address, each with a clear-cut ZIP code, which makes expected rates relatively easy to calculate. International shipments move according to Incoterms—international terms of sale developed by the International Chamber of Commerce to define sellers' and buyers' responsibilities.

"The location is determined by where the cost or liability transfer takes place," says Marlowe.

Destinations are determined by that transfer point, which makes it more complicated to calculate the appropriate charge. The rate determination process is completely different.

The same challenges emerge when evaluating an ocean freight move such as Hong Kong to Atlanta: Did the shipment move via Los Angeles or Savannah? Those two routes are markedly different in transit time and cost.

Each shipper's contract with a carrier is separately negotiated and unique to those companies, so specifics such as tariff discounts, fees, rates, and bunker must also be accounted for.

Air freight has its own idiosyncrasies. Rates are quoted in pounds, but freight is billed based on the Dimensional Weight Factor—the greater of the volume or the weight.

Technical Traffic Consultants

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Low-Hanging Fruit

The novelty of auditing international freight bills that have not previously been subject to such scrutiny means shippers benefit from low-hanging fruit when they begin the process.

"We catch a lot of errors, so the return on investment is larger," says Miner. "The savings are greater for international transactions—about two times larger than in the United States—because the domestic marketplace is static and mature."

Industry estimates put the typical domestic savings from auditing freight bills at two to six percent.

Finding Gold in Data

Whether they're auditing domestic or global freight—or both—many shippers are learning that scrutinizing freight payment data isn't just good for ensuring

(continued on page 112)

Tough Economic Times Call For Freight Audit and Payment

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 Memphis, TN 38137 (901) 266-1500

Details

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COL	20FT X 1		SINGAPORE / DALLAS
	40FT X 2		
	40FT X 1		

REMARKS

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Check Areas Approved	
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Condition	
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Signature Date	
Per As Presented	

DESCRIPTION

BUNKER ADJUSTMENT FACTOR
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 OCEAN FREIGHT
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 TRUCKING CHARGE

CHARGES: GBT

3,512.57	Z	BMC
39.45	Z	BLU
26.31	Z	BLU
26.31	Z	BLU
18,876.52	Z	BLU
18,082.00	Z	BLU
40.00	Z	BLU
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652.46	Z	BLU
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NEW GLOBAL PARADIGMS

Processing international freight bills can challenge freight payment service providers to conquer a whole new set of laws, languages, currencies, tax and tariff structures, business practices, and measurements. Memphis, Tenn.-based freight payment and audit service provider A3 Freight Payment's Ross Harris, CEO, and Craig Cameron, vice president of marketing and sales, address the complexities of managing global freight payment.

Q: How are extended supply chains and new sourcing locations impacting the need for international freight payment audit?

CAMERON: As supply chains have expanded globally, so has the need for international freight payment. Although still complex, international freight payment has actually become easier for some companies in the past 10 years. Large transportation providers have enhanced their offerings to include comprehensive global services with centralized billing, electronic invoicing capabilities, single-currency billing, and global rates. These enhancements have helped consolidate invoices from many local carriers to a single global carrier.

The largest challenge in a global freight payment process remains support for processing in-country or local transportation moves. In these scenarios, shippers are challenged with justifying the outsourcing cost of processing transactions in low-wage economies.

Q: What steps are required as providers expand into processing transportation payments for moves in new countries?

HARRIS: Expanding a pre-existing processing system to

accommodate international transactions and intra-country moves outside the United States involves a herculean effort. It is far better for a processing system to have been built already anticipating these needs.

With no historical regulatory "overhang" as in the United States, tariff and contract structures can be highly customized based on the customer-supplier relationship.

This often means a radically simpler structure for determining charges—but one that does not fit a traditional U.S. rate engine. Therefore, older freight payment providers often must "hack" their own system to accommodate these charges.

Multiple-currency processing and payment further complicate matters. This is not simply a matter of incorporating new currency codes into a database. Rather, the provider's treasury system must integrate with local banking systems to provide the most efficient settlement methods.

A system designed with these requirements in mind is far superior to an existing U.S. dollar payment system that must be modified.

Unfortunately, foreign currency settlements

are a major stumbling block to the largest providers in freight payment: U.S.-chartered banks.

As regulated financial institutions, these entities must pass through several regulatory hurdles in order to process foreign currencies—if they can at all. Because of regulatory burdens, these providers' customers may notice long delays in establishing new foreign currencies.

Further, they cannot deal in many controlled currencies, such as Chinese Renminbi.

Q: Why are international freight payment bills more complex?

HARRIS: For non-U.S. transaction processing, every geography brings its own unique set of challenges for freight invoice processing.

Invoice documents in Europe have the force of law, as they are used as source documents to validate compliance with Value Added Tax (VAT) regimes; therefore, invoices in Europe cannot typically be short paid. Rather, as errors are detected, the provider must seek credit notes to adjust the invoices to maintain VAT compliance.

Further, this legal status

complicates adopting electronic invoicing.

In low-wage environments in Asia, the internal cost to process freight payable at a given customer site is extremely low. It is often more expensive to consider an outsourcer. Providers must be able to offer solutions that provide visibility without increasing the cost of ownership to shippers.

Additionally, China has a particular problem with spot quotes or ongoing contract negotiations. In China, a contract is never actually done. So, rates and charges can change with little or no notice.

Currency controls and strict banking practices can make processing payments extremely challenging. This is especially true for processing duties and taxes for certain Latin American countries.

Canada has some of the same issues as Europe, but they are related to the Goods and Services Tax (GST) and Provincial Sales Tax (PST). Specialized recovery firms audit for GST and PST.

Knowing when a given transaction is or is not subject to GST or PST is no small feat and, quite often, out of scope for a general freight payment company.

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(continued from page 108)

accurate payments. The data that freight payment audit generates is often the only place supply chain organizations can gain a single, detailed view of their freight spending, and therefore, complete visibility to transportation operations.

“Companies always need and desire more information,” says Tom Zygmunt, manager of marketing for freight payment and audit provider Cass Information Systems, based in St. Louis, Mo. “They need freight payment and audit on the front end to get back-end freight and expense management.”

A freight payment audit’s output can amount to a freight bill master containing more than 500 data elements. This data, combined with details from a shipper’s general ledger, can offer substantial insights into transportation spend.

Freight payment and audit services can provide supply chain organizations with a high-level view of this data via a dashboard, which

can display transportation costs by region, division, fuel, taxes, accessorial charges, currency, or lane type.

Then the detailed data freight payment companies provide for incorporation into the enterprise resource planning or general ledger system can break down those costs per shipment to the stockkeeping unit level—including Customs fees, duties, taxes, fuel, accessorial charges, and shipper allocation codes.

SKU-level data provides multiple benefits, such as helping better allocate true costs to the shipper’s internal divisions responsible for those shipments, supporting total landed cost calculations, and determining if it is profitable to do business in certain lanes with certain customers.

Greater Scrutiny

After the savings generated by correcting errors, “even greater savings come from using

PARCEL AUDITS EXPANDING

Parcel carriers have long provided a significant level of detail about shipments, and individual shipment costs tend to be much lower than for other modes. As a result, few shippers saw value in leveraging third-party freight payment service providers to audit those invoices.

“Shippers received a weekly invoice from UPS or FedEx for thousands of dollars, covering thousands of shipments,” says Allan Miner, president, CT Logistics. “Most companies just paid at the invoice level, not having visibility to all of the tracking level details to audit from.”

That changed as the recession drove more shippers to leave no stone unturned in their efforts to drive out costs. More freight payment vendors are now offering services specifically for parcel, seeking errors such as incorrect service levels and misapplied accessorials. Shippers also want to ensure charges are allocated to the proper internal departments.

“Cost savings can be reaped if vendors have the technical capability to review the line-item detail of parcel shipments,” says Steve Layne, chief operating officer, Trendset Information Systems.

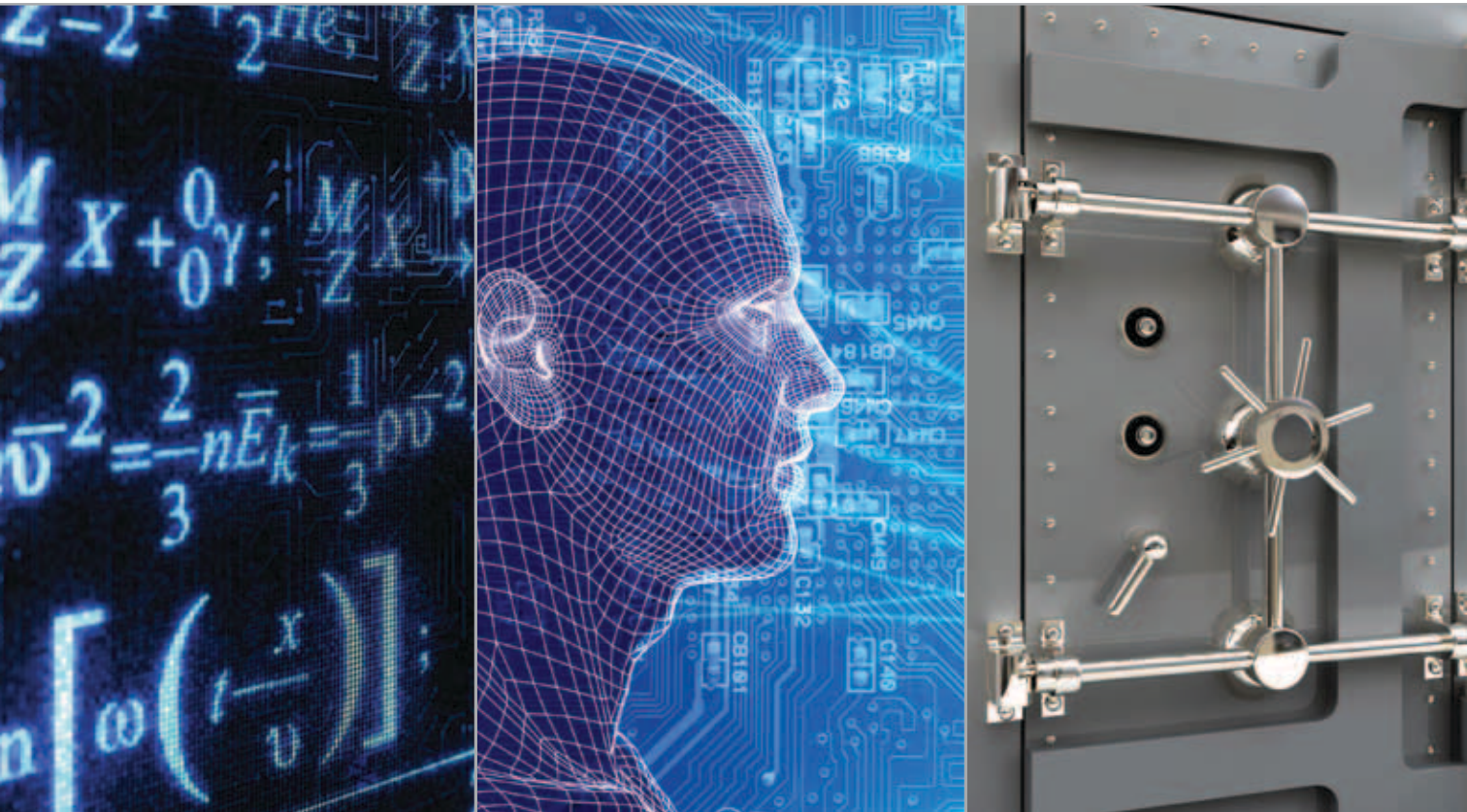
In fact, many companies are bringing this function back in-house because pre-audit firms are not taking the time to do this highly detail-intensive process properly, says John Mecchella, president, Technical Traffic Consultants. It’s critical that general ledger numbers are validated before they’re applied to departments within a shipper’s business.

More shippers are now seeking parcel invoice auditing, particularly those with large shipping volumes. Even small savings per shipment add up when multiplied across one million packages.

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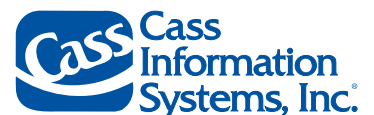
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One benefit that can easily justify the cost of analytical tools is discovering lost opportunities in the data.

the information,” says Zygmunt. “Shippers can properly allocate costs to the general ledger, build accurate accruals, and use the information to manage the transportation function, identify anomalies, and keep expenses down.”

Freight bill audit data also supports shippers’ objectives to drive down costs. “Chief financial officers are calling on shippers and supply chain managers to create more value and efficiencies in the organization,” says Friedman. Gaining more granular insight into the cost components of transportation—such as using premium freight when standard services will do, racking up avoidable accessorial costs, and

incurring less-than-truckload minimum charges when the freight could have moved via parcel—is helping shippers identify cost-reduction opportunities.

“Companies may never have considered these factors before, but now they are paying more attention to them,” Friedman says.

Exception Reporting

Another approach some service providers are using to automate freight bill data processing and continuously improve the transportation cycle is taking additional steps to communicate with carriers about exceptions. When a service provider discovers an error in a freight bill, it has three options:

1. Pay the amount the service provider feels is correct, then note in the remittance advice the reason for the different payment amount.

2. Pay the amount the service provider feels is correct, then post the reason in an exceptions tool, a Web portal accessible to the carrier and shipper for reference.

3. Post the exception in the exceptions or collaboration tool, then wait for the carrier to issue a new invoice prior to payment. The service provider staff sometimes reaches out to carriers directly to point out consistent problems.

Once payment has been received for an invoice, the process a carrier must undertake to

change the way it is rated is often more cumbersome than it would have been prior to payment. Resolving issues often entails shipper/carrier meetings to review hard-copy invoices and rates being managed in spreadsheets and emails.

As a result, it can take nine to 15 months to resolve payment exceptions, with both the carrier and the shipper staff searching through stacks of paper for answers, says Acuitive’s Marlowe. “If a bill is paid wrong, everybody loses,” he notes.

Carriers appreciate pre-payment audit because it saves them the same post-invoice work that a shipper incurs when there is an error. “We give visibility to users, so it’s faster to correct errors, which often results in faster payment,” Marlowe says.

An invoice based on the wrong detail can look right but still be very wrong. That’s why Acuitive uses a validation process to compare manifest data with invoices, considering factors such as whether the cargo is listed on another invoice; whether the invoice is structurally correct; and if the shipper received the services for which it was charged. Then Acuitive posts those issues to the portal for carriers to resolve and send a corrected invoice prior to payment, whether the invoice reflected under- or overcharges.

Pre-payment audit helps detect and resolve problems early, before a small error on one shipment becomes a repeated error on 500, and the task of resolving the problem grows that much bigger.

Technical Traffic Consultants, a Congers, N.Y.-based freight payment and audit provider, maintains a library of its tariffs and contracts on its Web site so clients can ensure they are validating to the correct agreements.

“The percentage of freight bills that are successfully processed using automation, without need for manual analysis of exceptions, tends to decrease by about 10 percent every time a shipper signs a new carrier contract,” says Marlowe. The success rate typically rises back to about 95 percent as problems are resolved and corrected for the future.

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Similarly, when shippers start operating in new global regions, exception rates start out higher, then decrease as issues are resolved.

Exception or collaboration tools also help expedite the process of alerting shippers to problems or special conditions. Data2Logistics, for example, recently upgraded its Online Exceptions Tool by collaborating with clients, who asked for features such as the ability to enter free-form text, and create views based on modes or carriers. Shippers can ask to be alerted when a bill meets certain criteria, such as when parcel bills exceed \$5,000, or specific accessorial charges appear.

Tool Sets Get Feature-Rich

Leading freight payment service providers continue to enhance the tools they offer to help shippers make the most of freight payment data, from providing standard and customized reporting tools and raw data feeds to offering transportation management systems, benchmarking services, supply chain optimization, and logistics consulting services.

Technical Traffic established an audit trail process to help carriers track the status of their freight bills. When carriers upload invoices, they automatically receive a receipt acknowledging the submission, so they can be confident it was received.

The service provider also simplified bills containing accessorials. Rather than sending the freight bill via EDI and accessorials via a paper bill, carriers can upload accessorial documentation to Technical Traffic's Web site, where it automatically matches it to the EDI transaction, and validates the accessorial against the invoice. This provides the shipper an audit trail; the carrier and shipper don't have to deal with paper recordkeeping; and the accessorials can be paid along with the freight bill.

Freight payment service providers say carriers look on such services favorably. These services initially existed to ferret out errors in freight bills that shippers would otherwise pay. But in an increasingly cost-conscious business environment, pre-audit firms in particular are raising issues early that would otherwise

snowball and cost more to investigate and resolve later.

As systems to discover and resolve freight charge disputes grow more sophisticated, they ease manual tasks for carriers, shippers, and freight payment service providers.

Advanced Services

Many service providers are enhancing their analytics and business intelligence tools to drive new benefits for shippers, including helping to calculate total landed costs; revealing lost opportunities for transportation cost savings; performing ad hoc queries and drill-down reporting; analyzing lanes; and generating bills of lading.

One benefit that can easily justify the cost of analytical tools is discovering lost opportunities in the data. "If a shipper contracts with 15 carriers, and the data shows a certain location is shipping with a non-compliant carrier or one that offers a higher rate, the shipper can see lost opportunities and determine how much they cost," says Scott. "The savings that can result from changing the routing more than pays for the reporting and Web tools."

For example, CT Logistics is preparing to release CT LION (Logistics, Intelligence, Optimization Network), a tool that creates optimized networks to help shippers choose the best routes for their shipments based on rate, service, mode, and other criteria.

nVision Global recently enhanced its iFocus Dashboard, a state-of-the-art analytical tool with mapping, graphing, and predefined pre-performance indicators.

Technical Traffic is developing its capabilities in helping clients calculate total landed cost for international shipments, and has spent the past two years re-engineering its technology platform for such functions. "We've developed a tool to help shippers estimate their costs internationally—not just the cost of the container or a particular shipment, but to identify the cost per unit shipped," says John Mucchella, president of Technical Traffic Consultants. "For international shipments, landed cost is the primary concern."

One area to consider when choosing providers is the granularity of the data they are capturing for analysis. nVision Global captures more than 120 data elements, and allows its customers the ability to capture an additional 20.

Transportation Management

Some freight payment service providers also offer transportation management systems (TMS), leveraging the freight payment data already in their systems to execute least-cost rating and routing capability, optimize shipments, and benchmark shippers' transportation moves against other shippers to reveal cost-reduction opportunities.

"It helps to have only one integration point," says CTSI-Global's Scott. "In a traditional freight payment arrangement, the provider

would get the bill of lading file from the shipper or TMS provider to match to the carrier's freight bill. Because the data is already in the system, we're able to match it, make sure the information is correct, and provide a single database not just for the freight payment data, but also for the shipment and tracking data. Then we can run the optimization and routing metrics."

Moving Beyond Audit

Rigorously and carefully scrutinizing freight bill data sets the groundwork for a host of supply chain management functions: you can't make good decisions without accurate data. Freight audit and payment service providers are capitalizing on the data their processes create to offer a broad range of services beyond freight bill payment—and shippers are reaping the benefits. ■



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Many of Nebraska's top businesses operate distribution centers and warehousing facilities in Omaha.

To attract manufacturing, distribution, and warehousing businesses, states must offer at least four types of benefits – affordable, skilled labor; attractive, available land; reliable, low-cost utilities; and accessible, economically competitive transportation. Nebraska has them all, according to Larry Johnson, president of the Nebraska Trucking Association.

In addition to these advantages, Nebraska offers a prime geographic location. The state is located in the “middle of everywhere,” says Johnson, who notes that Interstate 80 – which runs west from Omaha to the Wyoming state border – is the busiest east-west commercial transportation corridor between New York and San Francisco. Seven north-south state or federal highways intersect the region.

“Nebraska is the epicenter for traffic moving between Mexico and Canada,” Johnson notes. “The number of Nebraska-based carriers and the state’s geographic location combine to create a steady

balance of truck freight moving to, from, and through Nebraska. This allows freight rates to remain steady, without the seasonal and cyclical highs and lows of more congested hubs that distribution and warehousing projects have been drawn to in the past.”

ACCESSIBILITY COMES FIRST

For businesses located in Nebraska, accessibility is everything. “Geographically, Nebraska is center stage to both regional and national markets,” says Rick Nelsen, economic development manager for the Nebraska Public

Power District (NPPD), the state’s largest electric utility, with chartered territory that includes all or parts of Nebraska’s 93 counties.

“Interstate 80 offers 482 miles of quick access to everywhere in the nation,” Nelsen says. “Through Nebraska’s roadways, goods delivered by truck reach more than 26 percent of the U.S. population in just one day. Within two days, that percentage increases to more than 90 percent.”

Nebraska offers plenty of truck capacity to make those trips. “More than 13,500 licensed motor carrier companies



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maintain their home offices in Nebraska,” Johnson says. “These range from carriers operating one truck that the company president drives, to Werner Enterprises and Crete Carrier Corporation, which rank among the top 10 North American trucking companies.”

Werner Enterprises embraces Nebraska’s geographic advantages. A transportation and logistics company with coverage throughout North and South America, Europe, Africa,

freight railroads operate more than 3,200 miles of track throughout the state, and no major city in the United States is more than five days by rail from Nebraska.

IN GOOD COMPANY

Among the supply chain specialists situated for success in Nebraska is TSL Companies, an integrated, value-added, full-service logistics organization founded in 1981. TSL serves all domestic North American markets with

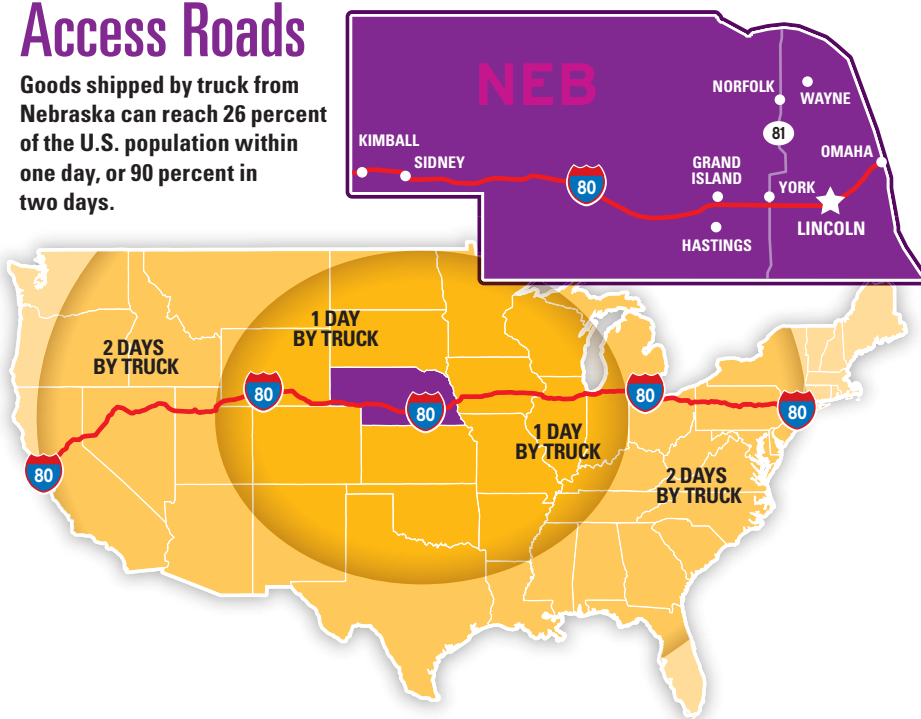
offers domestic third-party logistics solutions. TSL Logistics has a coast-to-coast, border-to-border presence, and offers warehousing, transloading, and consolidation services. It contracts with all major railroads, steamship lines, brokers, and carriers.

TSL’s intermodal terminals in Omaha; Kansas City, Mo.; and Denver serve all the Plains states, making TSL the largest intermodal company between the Mississippi River and the Rocky Mountains in the upper 14 Plains states, according to Thomas Hastings, president of TSL Companies.

Also taking full advantage of its Nebraska location is Ford Storage & Moving Company, a diversified logistics provider of asset-based warehousing and transportation services. The Omaha-headquartered firm offers logistics, consolidation, home delivery, and relocation services. Its distribution centers are strategically located in Omaha and Kansas City, Kansas, to service domestic and global markets. Its customers represent manufacturing companies and distributors, as well as wholesale and retail-based industries.

Access Roads

Goods shipped by truck from Nebraska can reach 26 percent of the U.S. population within one day, or 90 percent in two days.



Asia, and Australia, Werner maintains offices in Canada, Mexico, China, and Australia – but its global headquarters is in Omaha.

“Geographically, Nebraska is well-positioned at the crossroads of the United States,” says Derek Leathers, Werner’s president and COO. “The state also offers well-established highway and railroad infrastructure.”

Two of the nation’s leading rail companies – BNSF Railway Company and Union Pacific Railroad – provide service to many Nebraska communities. Ten

intermodal contracts encompassing the Class I railroads and a network of contracted for-hire trucking companies.

TSL’s divisions include Transportation Specialists Ltd., which operates specialized tractor and chassis equipment for handling heavy commodities. In addition to its large intermodal fleet, Transportation Specialists operates a division providing dedicated routes and contract carrier transportation.

Other TSL divisions include TranSpec Leasing, TSL Terminals, International Logistics, and TSL Logistics Ltd., which

GETTING DOWN TO BUSINESS

Being in the right place is one thing. But if the right place doesn’t offer an economic environment favorable to business, the advantage is lost. Helping forge a strong partnership between Nebraska’s logistics sector and government is the Nebraska Logistics Council, which works in cooperation with the Nebraska Trucking Association and the state’s Department of Economic Development.

The council focuses on promoting growth in the logistics sector, and works closely with prospective companies to model their logistics costs across all transportation modes, giving them an estimate of Nebraska’s labor, land, utilities, and logistics cost advantages.

Nebraska distinguishes itself by the strength of its partnerships between workers and companies, and companies and government, says Robert Winter, Nebraska Trucking Association board member, and

nebraska

- In the center of the NAFTA transportation corridor
- Reaches 26% of the U.S. population in one day; 90% in two days
- Operates 2 foreign trade zones
- 482 miles of Interstate 80
- 9,980 miles of interstate, freeway and arterial roads
- Two Class 1 railways serve more than 4,000 miles of track
- 10 airports with commercial airline service to major hubs
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Big Business

The primary industry clusters and major businesses driving Nebraska's economy include:

INDUSTRY CLUSTER	COMPANIES
Agricultural Machinery	Behlen, Chief Industries, Valmont Industries
Agriculture and Food Processing	ConAgra Foods, Tyson Foods, Nestlé Purina
Biosciences	Novozymes, Cargill, Becton Dickinson
Precision Metals Manufacturing	Metal Quest, Kaufman Trailers, Kawasaki Motors Manufacturing
Renewable Energy	Abengoa Bioenergy, SiouxiLand Ethanol, Calenergy Operating Corp.
Software and Computer Services	Yahoo!, Fiserv, First Data Resources
Transportation, Warehousing, and Distribution Logistics	Union Pacific Railroad, Crete Carrier, Werner Enterprises

SOURCE: Battelle

CEO and president of Lincoln-based warehousing company Distribution Inc.

"The Midwest offers a more stable workforce and economy than other parts of the country," says Winter. "This region didn't experience the economic downturn to the extent that other areas felt it."

NPPD's Economic Development Team has helped hundreds of companies find productive and profitable locations in Nebraska. "The team's services range from supplying requested information to guiding firms through the entire site selection process," says Nelsen. "This can include gathering community proposals, identifying information and financial resources, and facilitating final negotiations at the local level."

NPPD also helps companies make bottom-line improvements. The utility's industrial rates are about 26 percent lower than the national average, Nelsen notes.

"Nebraska's status as the country's only public power state provides significant advantage to businesses that choose to locate here," he says. "The primary goal of Nebraska's electric utilities is providing low-cost power, rather than shareholder profits."

"Public power also means Nebraska's utilities are financed, in part, through issuing and selling tax-exempt revenue bonds, resulting in lower interest rates on borrowed money," Nelsen adds. "The publicly elected board that serves as NPPD's decision- and rate-making body allows it to move more quickly than other utilities on key issues."

It comes down to making business work for everyone at all levels. "Workers in Nebraska possess a strong work ethic," says Leathers. "And the regulatory and government environment is very pro-business. That helps explain why the state's unemployment rate never rose above six percent during the recent recession."

AN EMPHASIS ON GROWTH

Because sitting still – even when that means sitting pretty – is not enough, Nebraska's leaders are intent on preparing tomorrow's workforce today.

"Nebraska maintains high-quality, respected public and private commercial driver's license (CDL) training programs to stay ahead of the demand for truck drivers," says Johnson. "Six CDL programs operate on university and community college campuses across the state – including one on the University of Nebraska at Kearney's campus in its Ag Transportation Safety Center."

"Diesel technician training programs exist on various community college campuses across the state," he adds. "Thanks to the growth of the Transportation, Distribution, Warehousing, and Logistics (TDWL) career path, all the diesel programs are currently filled and wait-listed."

The TDWL field is forecast as one of the top two industries in the state for business investment and job growth for the next 10 years, according to a study commissioned by the Nebraska Department of Labor and Economic Development, and conducted by Battelle, an Ohio-based global research and development organization.

The leading advantages of conducting business in Nebraska, as noted by industry leaders in Battelle's interviews, are workforce quality; business-friendly

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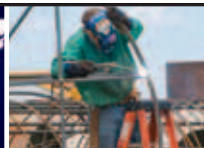
increment financing, community development block grants, customized job training programs, and industrial revenue bonds.

Leathers is optimistic about the U.S. logistics sector's growth prospects. And he believes Werner – and, by extension, Nebraska – will particularly reap the benefits.

“The U.S. retail industry reports its lowest inventory levels in history,” he explains, noting that it is a smart economic decision for retailers to keep inventory levels low and move products quickly. “And, as a percentage of total job growth, logistics will be a leader.”

Among the markets set to prosper from this growth are Nebraska's can-do business and logistics sectors. ■

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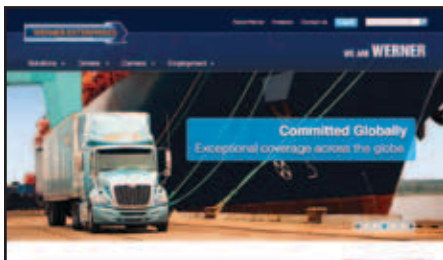
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I.T. Toolkit

Managing Mobile Devices By Remote Control

Far-flung warehouses in western Canada created mobile device upgrade issues for wholesaler Federated Co-operatives Limited, but remote support solutions provided instant access.

When Kent Kostuk set out to replace 245 handheld devices across four warehouses, the industrial engineering manager anticipated implementation would take at least a few months. His company, distributor and wholesaler Federated Co-operatives Limited (FCL), operates warehouses widely spread across western Canada. “Reaching most of our warehouses requires air travel or a five- to eight-hour drive from the home office in Saskatoon,” Kostuk says.

He envisioned on-site assistance and a phased approach, rolling out the new handhelds first to one location, waiting at least one month to identify any problems, then moving on to subsequent sites. Instead, he deployed mobile computers at four locations in just three weeks. Remote control technology allowed his team to support end users without ever leaving Saskatoon.

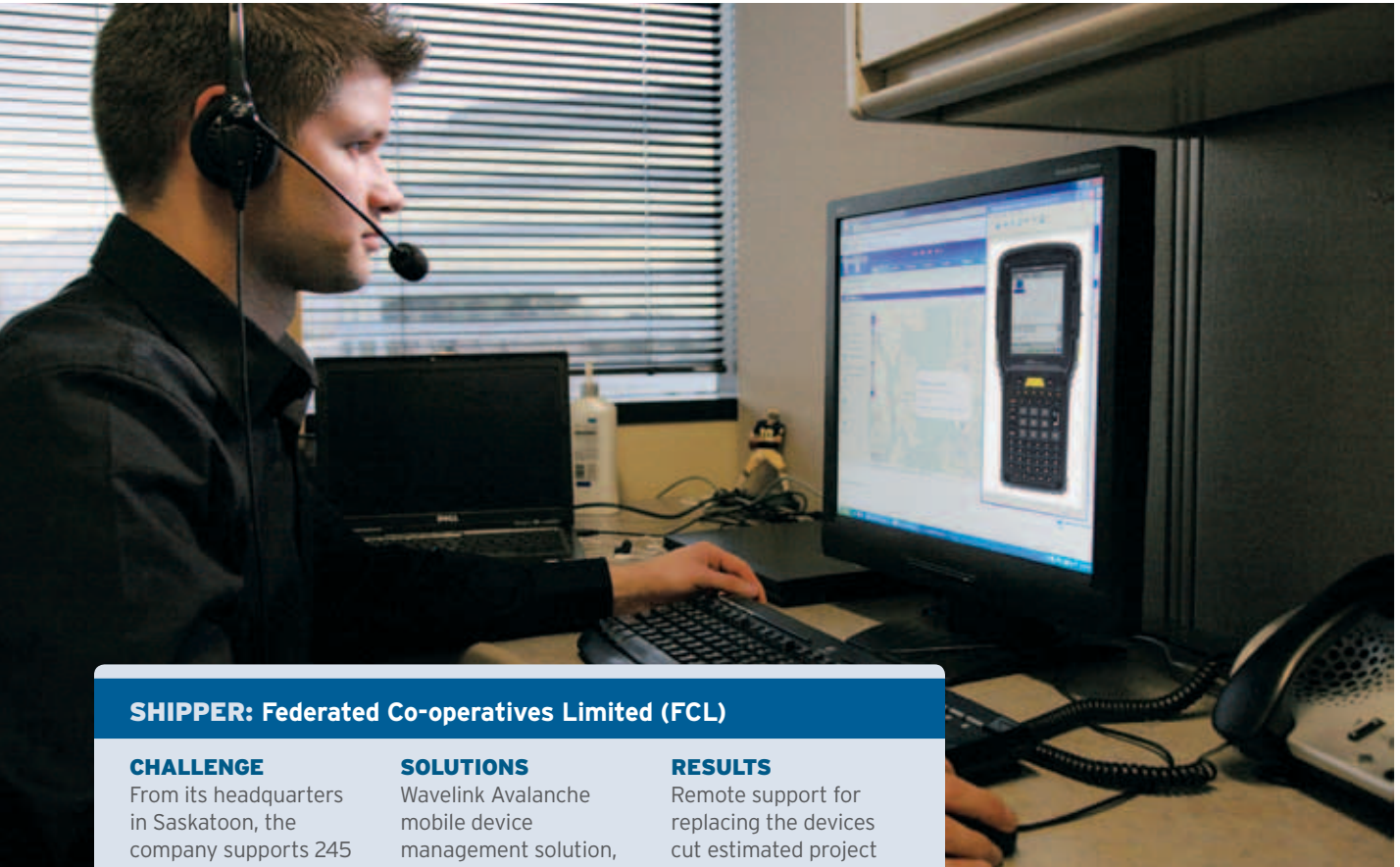
Shipments Worth Billions

As Canada’s largest co-operative wholesaler, with 2011 total sales of \$8.2 billion, FCL provides centralized wholesaling, manufacturing, and

administrative services to 235 co-op stores across western Canada, helping them reduce costs and operate more efficiently.

The retail stores and gas stations that are part of FCL, in turn, have more than 1.5 million active members in 500 communities selling gas, food, animal feed, and other merchandise. As member-owners, they share in the success of their stores, netting part of the profits at year’s end.

FCL moves more than \$1.75 billion in eggs, milk, bread, and thousands of other grocery items annually, as well as \$300 million in general merchandise



SHIPPER: Federated Co-operatives Limited (FCL)

CHALLENGE

From its headquarters in Saskatoon, the company supports 245 handheld devices at four warehouses widely distributed across western Canada.

SOLUTIONS

Wavelink Avalanche mobile device management solution, Terminal Emulation, and Avalanche Remote Control. Psion Omnii handheld computers.

RESULTS

Remote support for replacing the devices cut estimated project time by more than half. FCL can roll out changes to all handhelds across four locations in 30 minutes.

Federated Co-operatives Limited's technical support team uses remote access tools to troubleshoot handheld devices in its warehouses - up to an eight-hour drive away.

and \$343 million in crop supply and live-stock products.

Workers within FCL's warehouses manage stock with handheld and vehicle-mounted devices, and voice terminals. With warehouse locations so far from the company's headquarters, the small industrial engineering team aims to support them remotely to reduce costs and turn-around time.

Sticking With What Works

For several years, FCL has relied on South Jordan, Utah-based technology solutions provider Wavelink to manage its handheld devices. With Wavelink Terminal Emulation, devices are

synchronized with the company's warehouse management system from food and beverage software specialist AFS Technologies.

Using Wavelink's Avalanche mobile device management system, the team automates changes to its wireless handheld devices and ensures they remain secure.

"Avalanche provides an easy, efficient way to deploy updates," Kostuk says. "When we implemented the solution, the department comprised just two people. We could not have rolled out updates within a reasonable period without automating deployment."

More recently, the company completely replaced its fleet of handheld devices. Working with Wavelink partner Ryzex, a

Bellingham, Wash.-based wireless technology provider, FCL moved from its previous devices to Psion Omnii handheld computers. With the change, FCL was able to continue using Wavelink Terminal Emulation and Avalanche.

"A hardware vendor-centric solution would not have been able to move as easily to new devices," Kostuk says. "The learning curve was shorter, and we felt comfortable because Wavelink had worked well for us in the past."

Deploying Changes

During the hardware refresh, Ryzex also introduced the company to Avalanche Remote Control, a mobile help-desk solution that allows FCL to support devices in the field remotely. The industrial

engineering team welcomed the addition of the new tool, because troubleshooting devices has not always been simple for the team.

“At times, we could not get to the warehouse for two to three weeks to make repairs. Sometimes the on-site staff mailed faulty devices to us,” Kostuk says. “The ability to manage devices centrally is a huge advantage.”

Avalanche Remote Control not only enables the team to provide ongoing device support, but was also a major benefit during the move to the new handheld computers.

“We hadn’t completed an equipment refresh for a decade,” Kostuk says. “We knew that employee expectations would be high, and we wanted to be able to address any issues quickly and remotely.”

Kostuk and his team introduced new devices to one location first, using Avalanche Remote Control to understand questions and issues as they came up. Within one week, FCL went live with the new devices at the second location, with the other two following.

“With Remote Control, we could validate what was happening right on site,” Kostuk says. “As soon as we discovered a problem at one location, we could roll out changes across all four sites within 30 minutes.”

Kostuk estimates that remote support reduced the tech refresh from at least two months down to three weeks, and made for happier end users. It was an aggressive timeframe he would not have pursued without Remote Control.

remotely—as business needs change.

“Operating in western Canada requires some autonomy,” he says. “Solutions such as Avalanche Remote Control allow us to take ownership so we can keep our warehouses running without interruption.” ■

“Remote Control accelerated our rollout, reduced our costs, and helped us resolve any issues that arose,” he says. “Because we were able to complete the process quickly, employees felt we were responding to their needs. As a result, they were more willing to accept the new equipment.”

Faster Ongoing Support

Using Avalanche Remote Control, FCL captures screenshots of what end users are seeing and uses them for internal documentation, training, or to engage help from its technology partners.

The support team can employ two levels of remote technology when seeking help from vendors: first, pulling up an end user’s screen on their desktops, then allowing a vendor to connect remotely to see exactly what’s happening. Compared to phone or in-person support at far-flung warehouses, remote support cuts costs and gets devices back in service faster.

Kostuk appreciates the level of control he has to make changes independently, quickly—and now

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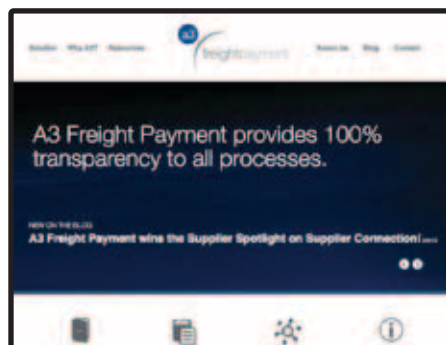
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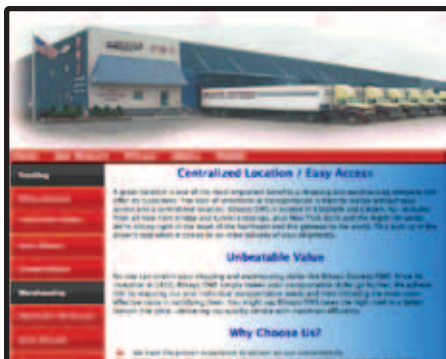
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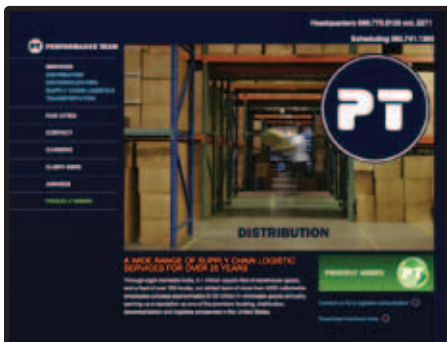
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Ryder Supply Chain Solutions is an end-to-end supply chain partner with nearly 80 years of experience helping customers in North America, the UK, and Asia transform their supply chains by delivering the best in operational execution. Ryder provides a full range of services, from optimizing day-to-day logistics operations to synchronizing the supply of parts and finished goods with customer demand. At Ryder, we understand that when it comes to logistics, Execution is Everything.



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Trucking • Trucking-LTL**Standard Forwarding • www.standardforwarding.com**

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If you are looking for seamless transportation throughout Canada, Mexico, and the United States, look to YRC Freight. The carrier's reliable two-day, three-day, and coast-to-coast service connects key markets with guaranteed delivery windows. YRC Freight also offers dedicated protective services for a single shipment or entire trailer; special project and logistics management; and transportation and logistics for import and export shipments. Find out more about YRC Freight by visiting the Web site.

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WhitePaperDigest

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



Amber Road

- TITLE:** *Key Strategies for Automating the Import Supply Chain*
- LENGTH:** 9 pages
- DOWNLOAD:** <http://goo.gl/W1A5n>
- SUMMARY:** By integrating a supply chain visibility solution with your import compliance program, you will have the tools needed to collect, organize, and report the key data elements to ensure optimal supply chain performance, and comply with regulations. Amber Road's whitepaper, *Key Strategies for Automating the Import Supply Chain*, uncovers steps to:
- Drive performance
 - Reduce costs
 - Simplify your import supply chain

RWI Transportation

- TITLE:** *2012 Temperature-Controlled Transportation Report*
- LENGTH:** 16 pages
- DOWNLOAD:** <http://rwi-trans.com/resources/whitepapers.asp>
- SUMMARY:** This study, based on a survey of North American shippers, examines the top challenges faced in temperature-controlled transportation. It provides interesting insights and information about best practices, common challenges, and emerging trends in today's temperature-controlled market. The report is provided by RWI Transportation, an asset-based logistics company offering temperature-controlled transportation. RWI manages in excess of 100,000 shipments annually, including both temperature-controlled and dry freight.



enVista

TITLE: *Freight Term Optimization: Reduce Costs and Increase Margins By Managing the Right Freight*

LENGTH: 4 pages

DOWNLOAD: <http://bit.ly/FreightTermOptimization>

SUMMARY: Moving freight the right way clearly reduces transportation cost, but often overlooked is the value of moving the right freight. In this enVista whitepaper, you will learn about minimizing inbound costs and maximizing outbound margins through Freight Term Optimization, get tips on negotiating margins with customers and suppliers, and find out how to capture savings of your optimized freight.

TMW Systems

TITLE: *Diversified Transportation Service Providers - Accelerating Performance*

LENGTH: 12 pages

DOWNLOAD: hardmangrp.com/tmw/whitepapers

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



Ryder

TITLE: *Small Parcel Shipments: Rethinking Inbound Supply Chains To Boost Visibility, Increase Control and Cut Costs*

LENGTH: 17 pages

DOWNLOAD: <http://bit.ly/KbgVW4>

SUMMARY: Many companies suffer the high cost of premium air service when unable to pre-authorize such shipments. This is especially true of businesses that ship many light parts or work with suppliers who fail to comply with routing instructions. Depending on the number of packages expedited, and the volume of shipments, inbound parcel shipping represents a rich opportunity to reduce costs. Learn how to save money by integrating a solution that delivers network visibility, parcel shipment optimization, an expedited workflow, and Web-based integration of parcel networks and carriers.

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that prohibits the lock from opening if it is outside a specified area.

www.traklok.com

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SOFTWARE

Easy Manifest Inc.

Easy Manifest allows trucking companies to electronically transmit cargo and conveyance data in compliance with the Canadian Border Service Agency's Advance

Commercial Information program, and U.S. Customs and Border Protection's Automated Commercial Environment program. Using Easy Manifest, trucking companies can notify drivers, dispatchers, and customs brokers when the importer's pre-arrival declaration has been reviewed and the carrier is free to proceed to the border.

www.easymanifest.com 888-993-9626

Kewill

The Universal Carrier Module enables shippers to quickly onboard new carriers and services. The carrier content and compliance tool is designed for global use, and can create labels and documents in any language.

www.kewill.com 877-872-2379

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www.ratenroll.com 705-977-2120

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Flash Global Logistics

A new office in San Jose, Calif., serves as the global critical parts supply chain solutions provider's West Coast center of operations, offering aftermarket and reverse logistics services.

www.flashlogistics.com 866-611-7874

Yusen Logistics

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www.apics.org

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This event gathers educators and industry leaders to learn best practices, address real-world challenges and solutions, and discuss the current and future state of supply chain risk management. Speakers include Frank Miller, Dell's vice president of public sales operations; Chris Styles, director of logistics at Nissan Americas; and William Teas, executive director of corporate risk management, Gaylord Entertainment.

615-242-8856

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October 15-17, 2012, North American Strategic Infrastructure Leadership Forum, Denver, Colo.

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October 21-25, 2012, American Association of Port Authorities 101st Annual Convention, Mobile, Ala.

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October 28-30, 2012, ASTL Annual Conference, Jacksonville, Fla.

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November 7-8, 2012, Supply Chain Management Institute's Annual Fall Forum, San Diego, Calif.

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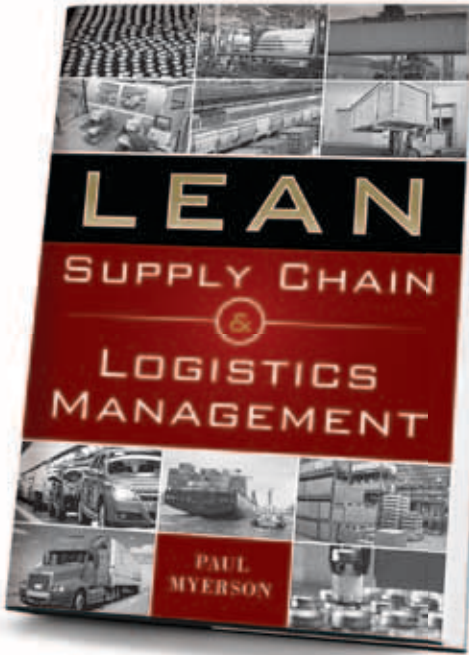
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LOGISTICS DECISION

2012



From infrastructure improvements to energy policy, transportation and logistics issues play an important role in the upcoming presidential election. To find out what issues are most important to readers, *Inbound Logistics* conducted an email poll that asked a single question:

What one piece of advice would you offer the presidential candidates on transportation and logistics issues?

We can only publish a few of the many responses we received, but we are sending them all to the successful presidential candidate, as well as transportation policy-makers in Congress.

Want to add your voice? Email editor@inboundlogistics.com.

"Minimize fuel surcharges on airlines and other transport modes."

"Address our dependence on oil. Fuel prices and surcharges are increasing, and the costs are passed on to consumers, 50 percent of whom do not pay taxes."

"We need to continue our own road to recovery and future growth by finding and improving sustainable, intermodal solutions to address the challenges of our aging infrastructure. We further need the legislature and the populace to understand the importance of making such investments for ourselves, and for future generations, beyond merely the foreseeable future."

"Approve the Keystone Pipeline project (construction of a 1,179-mile pipeline from Hardisty, Alberta, Canada to Steele City, Neb.) so that we can get the cost of oil down, which will drive down the cost of most products."

"Direct the Department of Homeland Security to build a network that tracks hazardous cargo shipments throughout the United States."

"Work with Congress to get our logistics infrastructure—rail, roadways, bridges—back to good health. Create an energy policy that is sound and safe for our future. And don't kill Amtrak; that's dumb."

"Give companies a tax break on allowing employees to work from home. Offer employees needed for manufacturing lines a four-day work week to save on fuel. This would reduce our dependence on fuel, and ease congestion and stress on our highways."

"Take a hike!"

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