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CBP's ACE Reporting Will Reduce Global Trade Risks

Even though the rollout of the Automated Commercial Environment (ACE) has had a bevy of delays, quicker and easier data access will benefit government agencies and the trading industry. As the U.S. Customs and Border Protection (CBP) continues to roll out the ACE Single Window program throughout 2016, the goal remains the same: to eliminate (or drastically reduce) paper-based processes, centralize import and export data, and make it easier for industries to comply with complex regulations. Additionally, shippers and government agencies will produce more complete and accurate reporting as they access a central repository of information, or what many identify as "one source of the truth."

The Single Window initiative offers the benefit of interacting with only one agency (i.e., U.S. CBP) for the electronic submission of all relevant admissibility requirements. However, it also increases the burden of advance and complete preparation by the importer for all required data elements prior to the arrival of goods to ensure an uninterrupted supply chain and Customs admission process.

For example, with advance and complete preparation, an importer will now be required to provide the Food and Drug Administration (FDA) additional data that may not have been collected previously, such as the FDA's specific commodity type, commodity sub-type, and intended use code for products that fall under their area of responsibility. Securing the appropriate data to fulfill these Partner Government Agency (PGA) declaration requirements may require new outreach programs internally, as well as with your supply chain partners, in advance of the shipment arrival date.

Additionally, while ACE updates will improve recordkeeping capabilities, CBP regulations will need to keep up as well. For example, despite the imaging capabilities available with ACE, the recordkeeping regulations 19 CFR 163 are still in play—meaning you must maintain and produce documents on demand in the format in which CBP requests. Keep an eye out as CBP aligns its regulations with changes in ACE.

ACE provides an avenue for shippers and PGAs to access its

data and generate reports via the ACE portal. The portal delivers to users the ability to:

- Access standard reports
- Run modified reports
- Create customized reports
- Share reports

Some examples of the standard reports for importers include the following (note that as of February 15, 2016, many standard reports were retired by ACE to improve system usability):

- AM-003 Entry Summary Lines by Filer
- AM-008 Entry Summary Line Detail report
- AM-068 Entry Summary Report
- AM-100 Courtesy Notice of Liquidation Report
- AM-071 Cargo Entries by Filer Code Report

As the ACE system continues to deploy throughout 2016, quicker access to import and export information for government agencies and private industries is a key benefit. The reporting capabilities remain an increasingly important component of ACE. Global trade users of all abilities can now quickly answer key questions that might help them better analyze global trade risks and performance. These questions include the following:

- What duties are involved or were paid?
- What is the country (or countries) of origin?
- What was the total dollar amount imported by individual suppliers and manufacturers?
- What was the cargo entry exam data by Harmonized Tariff Schedule (HTS) number?
- How can we best monitor antidumping/countervailing (AD/CVD) and Temporary Importations under Bond (TIBs)?

Good things come to those who wait; when the deployment of the ACE Single Window is complete, importers will gain the long-term benefits of streamlined reporting and quicker access to accurate trade information. Increased visibility by shippers, Customs, and PGAs will reduce today's manually intensive processes, cutting costs and, ultimately, improving the identification of dangerous or prohibited cargo and shipments.



So You've Decided to Invest in a Global TMS – Now What?

The benefits of a Transport Management System (TMS) are well recognized, allowing users to replace separate management systems for their different logistical needs with an end-to-end solution that allows shipments to be booked in just a few clicks, saving vast amounts of time and money. It's no wonder then, that so many companies are moving over to this way of operating for their global air and ocean needs. However, when choosing a TMS, it's important to ensure that it will meet all of your requirements, and while each company's need is unique, there are several features you should look out for.

Complete Supply Chain Visibility

Your TMS should offer end-to-end visibility of your supply chain, allowing you to book, track, and trace your shipments all over the world from origin to destination, and easily view all bookings and shipping milestones – ideally with a simple search option to allow you to quickly find what you're looking for. This should also cover visibility of goods at Merge-in-Transit (MIT) facilities, and inbound shipments to ease planning. With goods travelling all over the globe, being able to consolidate them at individual locations and provide visibility to staff offers a solution to what was a huge obstacle under traditional systems.

Having all this information in a singular database will save time, cut costs, and increase productivity. In many cases, these databases can be customized for each user, so while all the information is there, an individual's log in will only give them access to the data that corresponds with their unique responsibility.

Real-time Correspondence with Carriers

Of course, for this information to be truly useful it must be updated in real time. A TMS that's integrated with your carrier will allow both parties to dictate exactly what information is transmitted, so carriers can give rates and complete bookings, sales orders can be imported, and corresponding documents can be edited,

cloned, returned and sent to additional parties, all as soon as it happens. It also allows for instant tracking, as soon as bookings occur, so you're always up to speed.

Automated Documentation

Automating the generation of documentation, such as shipping labels and bills of lading, so that it is produced alongside the shipment removes an additional step in the process, creating a more efficient process that leads to faster, increased on-time and accurate delivery to the final customer.

Reporting

Ask anyone what the best part of their job is, and it's doubtful that they'll reply with "the paperwork." Reporting is time consuming, and takes resources away from more profitable areas, so a TMS that will create reports automatically from real-time carrier analytics is a much more efficient solution – especially if these reports can be created via subscription to automatically pull the report at timed intervals, delivering a weekly or monthly overview without you having to do a thing. It's also a good idea to make sure reports are customizable and exportable, so they can be distributed straight away.

In addition to these core areas, many 3PL providers are finding new ways to add value to the services they offer, and make their processes more personalized, streamlined, and efficient. Rather than an all encompassing solution where you'll be paying for features you don't use, choose a provider that can help you to identify your unique requirements and address those. For example "Hybrid 3PLs", which by bundling software and shipping solutions are connecting all the dots from vendor to final customer, reduce steps in the process and allow for more concise operation. This highly sophisticated approach provides a truly integrated end-to-end solution that's much more precisely tailored to your individual requirements.



Three Key Points to Communicate To Become Your Customers' Dream Provider

Communication and transparency are key to being a good partner to your clients. If your logistics organization is in the process of responding to RFP questions from a plum potential customer, positioning your logistics organization as the ideal fit for that customer depends on clear communication of three defining factors of your business: specialization, size, and scope.

Specialization

If your company is a warehousing provider that specializes in retail accounts, for example, your organization may be the best option for housing the product of a new body lotion client. Be sure to point out in your RFP response that you understand the natural cycle of order entries and closures, chargebacks, and the necessity of adjusting shipping schedules to meet Must Arrive By Dates (MABD). Additionally, be sure to communicate that your organization will be able to anticipate the volume of outbound shipments that may come with rush orders, promotions, and industry fluctuations.

Similarly, if your organization has extensive and specific experience in chemical and bulk logistics, be clear in your communications that your company excels at special handling of sensitive product. Mention any certification you have, such as ISO 9001 or Responsible Care. Emphasize that your company is a third-party logistics provider with employees who fluently understand the uses of different lift truck attachments to efficiently handle large products like paper rolls.

Size

When contacted by a potential client with an RFI or RFP, first ensure the size of your organization is a good fit with the potential client's product and volume. If you are a regional logistics provider with public warehousing options, your ideal client may be a raw materials supplier with just a few customers in your market, with a need for lots of flexibility in accessing its inbound and outbound product. If you are a multi-national logistics provider, your ideal client may need operations or fulfillment in dozens of countries. If you are a middle-market provider that focuses on a single country or continent, and are not limited to only regional activity, your ideal client likely will be more limited in geographic needs. Upfront communication during the RFP process helps the potential customer determine whether your organization's size matches their needs.

Space can be an issue, depending on the amount of product your potential client has and the square footage needed. CBRE recently reported that open industrial real estate – read: warehousing space – is at a 15-year low of 9.4 percent. Is your organization tight on square footage? If so, communicate to your client that locking in space, especially at your dedicated and contract facilities, is key.

Similarly, site visits are vital to ensure the best-fitting partnership between client and provider. Be sure to point out your well-maintained facility, with pest control measures in place, clean floors, and well-organized racking, location and barcode systems. Savvier procurement officers from potential clients will check to see that material-handling employees look motivated, that safety equipment is in place, and that the warehouse has no glaring, poorly maintained items, such as non-functioning dock levelers or overhead lights. Addressing these eyesores and concerns before potential clients walk through your facility is paramount to securing future business.

Scope

Generally, transportation is the single biggest logistics cost for clients. The retail industry's new emphasis on same-day and next-day delivery makes prioritizing affordable transportation even more important to clients. Should your client seek to expand into new regions, it will want a logistics provider that features dedicated warehouse space around the country, including locations close enough to their customers to meet their shorter delivery windows. Be sure to communicate your geographic scope. Also, consolidating logistics services with one 3PL provider can save a client significantly on transportation costs. In the right instances, advertise any transportation services your company offers, including carrier brokerage! When applicable, emphasize that your organization has strong Transportation Management System capabilities, whether those capabilities include providing cloud-based software or interfacing with your potential client's existing TMS.

If your client regularly faces shipment challenges, order entry difficulties, or problems with invoice reconciliation, make sure it knows of your company's additional logistics services, particularly if you have strong Warehouse Management System and Electronic Data Interchange capabilities.

Do you have more ideas to share for effectively communicating with customers in our industry? Send us an email: InquiryIL@wsinc.com.



Managing Warehousing Requirements During Peak Periods (Without Committing to Long-term Contracts)

Managing peak period shipment volume is a structural challenge in the U.S. economy. Those preoccupied with executing order fulfillment services spend much of the year thinking about and planning for it. The surge is a three- to four-month peak in first inbound, and then outbound shipments, with overlap. Shipments to retailers come first, followed by a huge spike in shipments directly to consumers. Industries such as toys can see as much as 80 percent or more of their sales in a very short timeframe.

This is primarily an issue for consumer products, because other verticals do not have such spikes in volume during peak season; demand for baby products and medical devices, for example, tends to be relatively flat throughout the year while demand for gift items spikes strongly toward year end.

Warehouses can use a number of techniques to maintain service level agreements (SLAs) – the “guaranteed” turnaround time for an order to go out – during peak demand periods. These techniques include:

1. Manage laborers carefully. From Labor Day to Christmas Eve, ask employees to avoid vacation time, except in areas such as sales and finance. Make additional use of temporary labor, but rely more on additional shifts of previously trained workers. Feather in additional day shifts and night shifts as needed. Start well before peak season, in order to be ready when it comes. Shake out any issues with training or attendance before crunch time. Cross train supervisors and other employees on different tasks, facilities and shifts. Add flexibility and scalability wherever possible, but always at the lowest possible cost.

2. Incentivize staff. When smaller, rely on a core team. If needed, use overtime to help address the challenges of volume spikes, which routinely are between five and 10 times the norm and require additional hands on deck. Hourly workers are incented by the prospect of overtime pay, but the cost curve goes up more steeply than the productivity curve. The latter goes down as steeply, if not more so. Good service is highly correlated to happy, well-rested workers, and vice versa. Provide a career path for all

workers, whatever level they start at, and offer benefits and pay for performance along that path.

3. Set expectations. Plan with clients who have significant historical volume spikes, and be realistic about the ability to maintain SLAs during peak. That may mean running an extra day shift right after Black Friday, working the weekend, whatever it takes. Work Sunday afternoon shifts to address the weekly spike and accumulated volume of the extra online shopping days over the weekend. Get ready to attack the larger seasonal volume spikes, and even the smaller ones – it’s like training for the really big ones.

4. Watch out for carrier issues. Ultimately, all supply chain systems are physical, and subject to physical constraints. The idea that parcel carriers can infinitely multiply their human and hard assets for 22 days of the year is not realistic; there will be a cap to the extra drivers, equipment and sorting capabilities. This is experienced most acutely in ground service delays during those absolute peak days. Carriers can also get hurt if they over-staff and prepare for more volume than they get, as they learned in 2014 when they tooled up in response to shortfalls in 2013. All carriers are more incented to not over-staff and over-equip for the volumes because that negatively impacts profits.

5. Technology improves throughput. There is no denying that the move toward ever more sophisticated IT solutions can increase productivity dramatically. But that is impossible without disciplined, expert implementation. Many software implementations fail. Hardware is fickle. Be prepared and expert at troubleshooting, duct tape, spit and vinegar.

The opportunity to manage a highly complex problem requires expert deployment of people, places and things to lead through challenging and demanding times. It is not for everyone, but for those who are up for and excited by the challenge, there is nothing better. Every iteration of the improvement cycle looks different, depending on the unique needs of the organization and how quickly it can be expanded to other areas of the business. That process runs a lot more smoothly when there is a clear mission statement for a peak demand improvement program and a focused plan to roll it out.

Capacity offers expert warehousing, assembly, order fulfillment services and technology solutions to businesses nationwide. Capacity provides a bicoastal fulfillment solution, from three facilities in North Brunswick, NJ, and a fourth in City of Industry, CA. Capacity is cGMP certified, operates FDA registered facilities, and is NJ and CA State Board of Health approved food grade. Capacity LLC provides domestic and international distribution to companies of all sizes, from startups to household name brands that ship around the world. For more information, go to www.capacityllc.com.