One key step to finding answers to any logistics problem is knowing the right questions to ask.

Inbound Logistics assembled a team of supply chain leaders and asked for their perspectives on the important logistics challenges and opportunities impacting your business.

More importantly, these logistics thought leaders can give you guidance when considering improvements to your business processes.

THOUGHT LEADERS

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.

Invata Intralogistics | 860-819-3200
kevin.reader@invata.com | www.invata.com

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.

RALPH HESS

Vice President Global Channels
N'Ware Technologies

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.

N'Ware Technologies | 800-270-9420
rhess@nwaretech.com | www.nwaretech.com

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.

TECSYS Inc. | 800-922-8649
info@tecsys.com | www.tecsys.com

JOHN REICHERT
WMS Product Marketing Manager,
TECSYS Inc.

Second-Generation Logistics Software: Accessible Anywhere

TOM HEINE

CEO
Aljex Software

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.

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.

Aljex Software | 732-357-8700
tom@aljex.com | www.aljex.com

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 truckload 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.

The Evans Network of Companies | 610-367-2611
matthew.bates@evansdelivery.com | www.evansdelivery.com

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 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.

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

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.

New Century Transportation | 877-870-4031
info@nctrans.com | www.nctrans.com

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.

Regions Bank | 404-888-5100
nick.weaver@regions.com | www.regions.com/transportation

NICK WEAVER

Senior Vice President, Managing Director of Transportation Banking
Regions Bank