

Need to know the best way to select expedited services? Drive collaborative distribution? Ship air freight in Alaska?

HELP IS ON THE WAY!

Managing transportation and logistics details in an increasingly complex world is no small task. So *Inbound Logistics* is here to show you HOW. Over the past four years, we have paired reader feedback and industry expertise to provide practical and instructive "how-to" guides that address tactical and strategic supply chain fundamentals. We are incrementally building a library of industry best practices to help readers turn interrogatives into imperatives.

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What specific "how-to" would you like us to cover? Let us know: editor@inboundlogistics.com.



H<mark>ow to S</mark>hip <mark>to</mark> Alaska

LASKA CAN BE A CHALLENGING PLACE TO MOVE FREIGHT. The state's vast and varied terrain, harsh and unpredictable weather, and distance from the rest of the United States present unique challenges for shippers. Whether the task is transporting consumer goods to cities in southeastern Alaska, supplying the mining industry in central and western Alaska, sending products to major retail chain stores in Anchorage, or servicing northern Alaska's thriving oil industry, knowing what to expect is half the battle.

Geography: At about 663,000 square miles, Alaska is the largest of all U.S. states. Topographic conditions range from frozen tundra to rocky coastline to volcanoes–all of which can be challenging to traverse.

Infrastructure: Alaska's highway system is not robust, so many shipments must move via air or sea, and the lack of rail service from the lower 48 states or from Canada to Alaska means railcars must move on barges. Also, some rural areas lack approved runways for commercial airlines, so freight must be flown on turboprop aircraft. Shippers must also consider seasonality. A winter delivery of pipe bound for oil drilling in Prudhoe



Bay, for instance, can be sent via truck over temporary ice roads, but that same delivery in the spring must move via air.

Weather: Alaska's weather is unpredictable and extreme. A shipment that normally takes seven or eight days could extend into a 10- or 12-day trip due to



FINDING THE RIGHT PARTNER

The key to successful shipping in Alaska is to partner with a transportation provider that knows how to manage Alaska's many obstacles. Look for the following capabilities when selecting a provider to move your freight:

- Years of experience transporting goods in Alaska.
- Office locations dispersed across the state, ideally in major points including Prudhoe Bay, the southeast coast ports, and interior cities such as Fairbanks.
- Access to a wide array of modes covering air, ground, and sea transportation options.
- Specialized equipment to deal with Alaska's extreme conditions.
- Communications technology such as onboard tracking on trucks and barges.
- An established online program to allow shippers to track and trace shipments electronically.

snowstorms, rough seas, avalanches, even road washouts—which can impact both the timeliness and cost of freight delivery. In addition, Alaska's harsh cold makes temperature-controlled shipping imperative. Temperature-sensitive goods such as some electronics can be damaged if not protected from the weather while in transit.

The extreme winter also means that business booms during milder seasons. Shippers need to be prepared for the crunch in construction, tourism, and commerce to ensure they can find the capacity they need to get goods to Alaska during the warmer months.

Cost: Alaska is far removed from the rest of the United States so shipping costs are understandably higher. Finding alternatives to help reduce costs is key. By building a few extra days into their supply chains, shippers can make the costs more bearable. Instead of stocking Alaskan stores via air or truck transport, for example, a shipper could choose to put goods on a ship or barge from Seattle to Alaska. Mode selection may increase transit time but the savings of these alternative routes can reduce costs substantially.

Though Alaska presents many shipping challenges, they are not insurmountable. Overnight air delivery is available from just about anywhere, and truck service via the Alaska Highway is available from several cities in the United States and Canada to locations in Alaska on the limited highway system. Locations off the highway system, such as Southeast Alaska, have frequent ferry and twiceweekly barge service. Even more remote locations, such as in Western Alaska, may have only seasonal barge service as a surface option.



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How to Select Expedited Services

XPEDITED DELIVERY IS A NECESSITY FOR ALL COMPANIES, WHETHER THEY ARE MEETING UNEXPECTED SEASONAL DEMAND OR MANAGING SHIPMENTS BY EXCEPTION. They use expedited service to move parcel and temperature-sensitive packages, specially packaged product, oversized equipment—and everything in between. Cost is secondary to timeliness and service, but shippers have to consider multiple factors when they work with service providers to move expedited freight.

Cargo often simply needs to move fast in response to a plant shutdown, or to meet the requirements of a critical part, high-value, or emergency shipment. Whatever the reason, shippers and service providers need to immediately consider potential options and settle on a viable solution.

The urgency or geographic scope of a move dictates whether a shipment travels by air or ground. But customers are generally less concerned with how a critical shipment is delivered, as long as it arrives intact and on time.

Alternatively, there are complicated scenarios where shipments need to be recovered and rerouted via multiple modes. For example, if a company transports a product by truck and an order deviation occurs, that cargo needs to be located, quickly brought out of the system, then re-expedited. This requires a great deal of communication among the shipper, consignee, and transportation partners to identify urgency and work together to explore and execute appropriate resolutions.

Sometimes an additional level of white-glove service is necessary to ensure a shipment is delivered beyond the loading dock. Inbound and outbound, a time-sensitive order might have to be picked up from or delivered to an agent or inside a facility to meet customer safety and security needs.

In these situations, supply chain partners have to maintain visibility throughout the entire transportation process. This may entail real-time information and communication between a shipper and consignee in a point-to-point move; or it may require end-to-end visibility from the original demand signal back to the supplier. The faster supply chain partners understand expedited requirements, the quicker they can respond with efficient and economic solutions.



1. DEFINE "REAL" TIME REQUIREMENTS. Sometimes shippers allow for "just in case" time when coordinating transportation to customers. But not all expedited deliveries are critical, so understanding the consignee's actual demand requirements is important. If it's really a priority, communicate that urgency. Alternatively, shippers should coordinate with customers to determine potential allowances – whether a shipment can move quickly (second-day ground), but not super fast (same-day air). Waiting a few hours for delivery can often save everyone a considerable amount of money.

 COMMUNICATE DETAILS. Shippers need to give extra attention and care to communicating cargo vitals for timely deliveries. This includes specifying shipment weight, dimensions, and absolute time requirements.

3. CONSIDER TRANSPORTATION AND LOGISTICS

OPTIONS. Carriers and expediters are often limited by pick-up and drop-off deadlines. Third-party logistics providers and forwarders are less constrained by time of day and mode, and can create new avenues for moving freight. Working within their own network of transport partners, they can help reduce expedited costs, while meeting last-minute time specifications.

4. PLAN AHEAD. Managing exceptions should be an expectation. Shippers need to have contingencies in place before they happen. There is nothing more costly than having to make an expedited transportation decision on the fly without easily available supporting information. Moreover, when shippers find service providers that capably manage expedited needs, they should consider opportunities to grow that relationship. If a transportation partner can succeed under pressure, perhaps it deserves a bigger role within the enterprise.

5. DON'T CHEAT ON COST. Expedited service comes at an expense. Failure to provide timely delivery can create additional costs in terms of production stoppage, missed customer commitments, and lost business.

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Emergencies and delays happen, and air freight and expedited shipping solutions are a necessity for the survival of any company. As a one-stop solution for all your shipping needs, BNSF Logistics is dedicated to finding the right service for you. Our cost-effective domestic air freight service offers multiple transportation options to get your product delivered on time, no matter the situation.

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How to Select a Transportation Management Solution

ELECTING A NEW TRANSPORTATION MANAGEMENT SOLUTION (TMS), WHETHER FULLY OUTSOURCED, HOSTED, OR INTERNALLY INSTALLED, REQUIRES MUCH DUE DILIGENCE TO PAIR FUNCTIONAL NEED WITH STRATEGIC VISION. Shippers can get the most out of their TMS solution and service provider by following five progressions.

1. Know what you need before you look for what you want. Identify current resources and capabilities, then look for TMS providers whose capabilities complement existing strengths and long-term strategies. Understanding existing operational gaps allows buyers to define future objectives and select a TMS deployment that best suits their need. Developing a shared vision, clarifying strengths and weaknesses, and understanding what an organization needs in a TMS provider are initial considerations that dictate future success.

2. Define project scope and expectations. Without a roadmap for steering new TMS deployments, shippers set themselves up for failure. Detailing requirements in advance, and confirming that service providers are in agreement with expectations and how services will be measured, ensures success.

3. Engage change management and obtain buy-in. Appointing a cross-functional team of internal stakeholders helps establish objectives and steer new TMS implementations in the right direction. This approach not only strengthens the change management process, but also ensures a future process design anchored by shared expectations and procedures across key functional areas. Getting senior leadership buy-in is equally important given transportation's enterprise-wide impact on cost and efficiency.

4. Implement a successful program. Regardless of implementation speed, process change does not happen overnight. Shippers can help guide successful roll-outs by: creating a detailed roadmap that addresses headcount reduction, information technology integration, process redesign, and newly defined performance measures; identifying what the transformed organization will look like; executing all the necessary steps for a successful transformation (this may include configuring transportation management tools with existing technology infrastructure, training, and a conversion plan for reconciling potential overlaps between old and new processes); monitoring the transformation and comparing results to project goals; and incorporating an exit strategy.

and incorporating an exit strategy.

5. Ensure ongoing success. The TMS service provider often becomes an extension of the enterprise – and should be treated as such. Evaluate ongoing performance with prioritized metrics and encourage further participation from project owners, evaluators, and implementers. Scorecarding productivity, quality, systems, performance, and overall customer service helps drive continuous improvement.



THE TMS REVOLUTION

The past 20 years have seen a seismic shift in the sophistication of TMS solutions. Here's a look at transportation management systems' evolution and trends, past limitations and future potential.

BUILD VS. BUY:

- Tied up internal resources on non-core or non-revenue-generating projects
- High potential for scope and cost creep
- No commitment to ongoing development or R&D
- No immediate or sustained ROI

TRADITIONAL INSTALL & DEPLOY:

- Large capital investment and lengthy deployment
- Resource intensive
- Initial and ongoing ROI proved challenging
- Lack of integration across supply chain partners

SOFTWARE AS A SERVICE:

- Minimal capital investment
- Faster deployment, easier to demonstrate initial ROI
- IT and business resources required, but less intensive
- Increased visibility and tighter integration of supply chain partners
- Resources still focused on tactical operation of TMS vs. strategic projects
- Emergence of shipper and carrier community (via the cloud)
- Long term ROI and full utilization of TMS capabilities still questionable

SOFTWARE PLUS MANAGED SERVICE:

- No or low initial investment
- Faster and non-disruptive implementation
- Less resource intensive
- Increased visibility and tighter integration of supply chain partners
- Immediate and documented hard ROI
- Resources shift from tactical to strategic projects
- Creation of virtual Think Tank
- Long term ROI, sustained savings



COLLABORATIVE OUTSOURCING



MANAGED TMS° DOES DRIVE DOWN COSTS. WANT PROOF?

TMS solutions often leave shippers feeling disappointed. They get excited by the possibilities, but end up frustrated when the results fall short. So why is our Managed TMS[®] solution changing minds and winning fans? Because we understand that the key to a successful TMS deployment isn't in the software. It's in our foolproof formula of success: Process Engineers + TMS Technology + Power Users. You maintain control over your entire transportation network while we manage the day-to-day operations. Contact us for examples of how our best practices are driving better-than-expected ROI and sustained cost savings.

The Next Step In the Evolution of SaaS-Managed TMS Discover the Power of Collaborative Outsourcing[™] Request a free copy of our case study, *The Next Step in the Evolution* of SaaS—Managed TMS^{*}, at www.chrobinson.com/outsourceit or call 800.323.7587 to connect with one of our outsourcing experts.

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How to Drive Collaborative Distribution

N THE RETAIL SPACE, COMPETITION AMONG SMALL AND MEDIUM MANUFACTURERS IS FIERCE. But many are missing out on significant cost savings by failing to recognize and execute shared strategies that consolidate shipments in the interests of all supply chain stakeholders.

The collaborative distribution concept leverages freight consolidation as a supply chain strategy, not just a transportation tactic. It means merging different loads destined for the same end point to maximize trucking efficiency. But it begins farther upstream in the supply chain.

In practice, manufacturers warehouse their goods with a view to consolidating deliveries with other shipments going to the same final destinations. Then deliveries from different suppliers along shared routes are built into full truckloads. 3PLs act as matchmakers to make it all work smoothly.

This model is ideal for small consumer product goods (CPG) manufacturers that

supply diverse retailers. Many CPG companies use private warehouses or 3PLs to supply retail DCs or stores as demand dictates. However, there is rarely enough volume for a full truckload, so manufacturers are resigned to costly LTL options. In a collaborative distribution scenario, competition among CPG manufacturers begins and ends at the shelf. They share truck and warehouse space where like loads are destined for the same store or retailer warehouse. As a result, everyone saves time and money. Shippers and carriers rationalize transportation moves and costs, end customers can better allocate labor for unloading full truckloads, and the energy, pollution, and congestion generated by transport is substantially reduced.

Opportunities are ripe for businesses to capitalize on this distribution model, and low hanging efficiencies – from transportation savings and fewer stockouts to reduced road congestion and carbon footprints – are within reach. But to make it happen, businesses need to shift their mindsets and reorganize their supply chains in order to collaborate with competitors.



Collaborative distribution requires active participation among manufacturers, 3PLs, and retailers – but it's the latter that holds the key to unlocking myriad efficiencies and economies. As retailers trend toward controlling

inbound transportation to reduce freight costs and employ leaner, greener distribution methods, there is growing incentive to insist suppliers work together more collaboratively.

PLAYING THE PART

Collaborative distribution works because there is a shared vision among supply chain stakeholders – from retailers through transportation, logistics, and warehousing partners to contract manufacturers and suppliers. Every touchpoint in a product's lifecycle has a role to play. Here are some ways supply chain partners can work toward building a collaborative distribution network.

Manufacturers should examine their supply chains and identify opportunities to create efficiency through collaboration or sharing infrastructure by co-locating inventory with other companies shipping to the same retail customers. As a first step, they can engage cross-functional teams within the enterprise to discuss the benefits of working together. Then they can step outside the organization and discuss areas where supply chain partners can collaborate and consolidate. Manufacturers may have to be more flexible in working with retailers to identify consolidation opportunities.

Retailers need to ensure that logistics functions are communicating with each other. Are purchasing and transportation working together to coordinate inbound moves? Communication among different retailer buying groups for different commodities can lead to a consolidation of orders for different commodities, creating shipping and receiving efficiencies. Retailers may find a surprising amount of grass roots support for change, especially if they invite employees to be the catalysts for these discussions.

3PLs are in the best position to recognize where collaboration can occur. And steering customers toward collaborative distribution can uncover considerable savings and efficiencies, while enhancing the value of outsourcing. But it requires a change to pricing and compensation approaches. 3PLs need to share the savings gained from collaboration, and make those savings clear and specific up front.



Doing final packaging in the distribution center can cut freight and labor costs, lower inventory, and speed the cash cycle.



Are you using co-packers for kitting, display building and other final packaging services, only to have the finished product sent to a distribution center for final shipment to customers? If so, you are adding significant time and cost to your supply chain. But now there's a smarter way.

Third-Party Logistics Providers (3PLs) can meet the most complex packaging demands.

A select group of 3PLs have invested in the equipment and resources to handle complex contract packaging requirements within the Distribution Center (DC). The advantages of an integrated packaging/distribution strategy are significant:

Faster Cycle Time: Use of an outside packager adds 7 days to the distribution cycle. Cutting out this extra step converts your product to cash faster.

Lower Inventory: CPG companies typically lose visibility to product at a co-packer location, creating uncertainty about the amount of product available for sale. They deal with this uncertainty by adding inventory, which in turn adds storage, labor and financing costs.

Lower Freight Costs: By eliminating extra runs, you can cut outbound freight costs 30-40%, while reducing your carbon footprint.

Reduced Labor and Equipment: Combined packaging/distribution operations allow for labor and rolling stock to be deployed where it's most needed at any given time, across multiple functions.

Less Product Damage: Eliminating trips to and from outside packagers avoids the 3% additional product damage caused by the extra handling.

The smarter way.

Major CPG companies, like Kimberly-Clark, Procter & Gamble and Kraft Foods, are already working with KANE IS ABLE to integrate final packaging into distribution center operations. To explore how this money-saving strategy can help your company, contact Dan Nairn, KANE's packaging specialist, at

daniel.nairn@kaneisable.com. Or, call Dan at 570-240-7519.

Want to learn more? Download our free white paper, "Integrating Contract Packaging into Logistics Operations," at www.kaneisable.com/packagingwhitepaper



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How to Leverage Rail/Intermodal For Refrigerated Freight

AIL/INTERMODAL SOLUTIONS ARE FAST GAIN-ING TRACTION AMONG SHIPPERS LOOKING FOR ADDITIONAL CAPACITY, EXPLORING MORE COST-EFFECTIVE TRANSPORTATION OPTIONS, AND SEEKING MEANS TO REDUCE THEIR IMPACT ON THE ENVIRONMENT. While there has always been a captive rail audience among bulk commodity and dry goods shippers, more specialized freight, including refrigerated and perishable foods, has always been a difficult sell. But resistance is thawing.

Past hurdles such as container equipment availability, rail ramp access, visibility, and timeliness have been greatly reduced by greater coordination and collaboration among third-party logistics providers, railroads, and motor freight carriers. And current economic pressures to reduce costs have made the switch to the tracks much more plausible. The price differential of moving long-haul freight via rail is considerable. Fuel spend, insurance rates, and the devaluation of used tractors all contribute to increased

pricing among refrigerated motor freight carriers. Moving perishable shipments that require extra care and monitoring during transport-from ambient temperature readings and

> exception-based alerts to real-time tracking across modes-adds another wrinkle to standard intermodal requirements. At the same time, it also enhances the appeal of the railroad. With food products, qual-

ity and safety are paramount concerns – and rail transport provides a secure and fixed point-

to-point network. More importantly, equipment has evolved to the point where shippers and carriers can properly care for temperature-sensitive product. Typically, refrigerated intermodal freight is moved in trailer-on-flatcar operations. But the emergence of refrigerated container units allows for more costeffective double-stack operations.

Reporting technology and capabilities are also much more

comprehensive. Shippers and consignees can not only have real-time visibility to a shipment's location, they can also track data such as fuel levels and use, temperature inside the container in several areas, and whether a load has shifted.

Transitioning refrigerated freight to the railroad also makes sense from a supply chain perspective. Given the frozen nature of the cargo, and the care and attention paid to maintaining proper temperatures, shippers can generally accommodate extra lag time in their distribution network to capitalize on a more economical transportation option.

A REFRIGERATED CASE

Here is an example of how a shipper can work with its transportation and logistics partner to devise an intermodal solution for moving perishable goods.

THE CHALLENGE. Responding to market demand for its product, an ice cream manufacturer decides to increase supply and test the efficacy of moving volume across the country via refrigerated rail containers. Given the sensitive nature of its product, the cardinal challenge is maintaining a consistent temperature to prevent spoilage and shrinkage.

THE SOLUTION. The shipper opts to partner with a transportation and logistics provider that possesses its own refrigerated intermodal containers, has established relationships with Class I railroads, can coordinate first-mile and final-mile truck transportation, and provide total visibility during the entire length of haul.

During the move, each container is monitored by the 3PL through an installed alarm device that provides inside and outside ambient temperature, fuel level, and global positioning information. The shipments arrive on time and intact during the three-day transit from the Midwest to the West Coast. The 3PL uses its own trucks to complete the pickup and delivery at the point of arrival, while working with contracted drayage partners during the first-mile leg. Using an intermodal bridge, the shipper greatly reduces fuel use, carbon footprint, and total transport costs without sacrificing service at a minimal increase in transport time. Now the most difficult refrigerated and frozen foods can be shipped via intermodal worry-free.



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How to Develop a Direct-to-Store Delivery Model

PEED IS THE NAME OF THE GAME IN TODAY'S RETAIL LANDSCAPE. How quickly products are purchased from store shelves depends on a myriad of factors: consumer preference, special promotions, and brand recognition, to name just a few. The real trick to gaining speed and increasing your inventory turns is to ensure you have a successful and cost-efficient replenishment system.

Over the last few years, many consumer goods manufac-

turers are increasingly using a Direct-to-Store Delivery (DSD) delivery model as an alternative to traditional wholesaler and distributor networks. A DSD model establishes a "closed loop" network from the consumer good manufacturer's warehouse to various retail outlets, making multiple stops before returning to the point of origin.

Below are a few tips for setting up a Direct-to-Store Delivery model for your business:

Create the Demand Profile. Perhaps the most critical element to setting up a DSD model is understanding who your retailers are, and what their demand (i.e., order volume) looks like.



Routing Deliveries. Once the right mechanisms are in place to capture the daily demand profile, the optimal route for each day's delivery can be mapped. The route plan should take into consideration such variables as traffic patterns, speed limits, distance and time calculations, and driver Hours of Service.

Loss Prevention. Because DSD involves multiple stops at retailer locations, building in processes to prevent and monitor product theft is a very important consideration. In addition



to GPS and security cameras, training drivers on how to identify suspicious behavior is paramount.

Capturing Proof of Delivery. A variety of new technologies enable electronic proof of delivery, primarily using handheld devices. This has an incredible impact on Orderto-Cash cycle time, reducing it to a matter of hours.

Continuous Improvement. Using information captured through the demand profile, route designs, and delivery information, you can set a baseline for performance. With the baseline as your starting point, you can measure the effectiveness of incremental and ongoing improvements to the network, through cost savings and increases in efficiency.



S A DIRECT-TO-STORE Delivery model right for you?

If your products and supply chain have the following requirements, you may be a good candidate for this model:

 Control of the deliveries is very important. For example, delivery windows are tight or limited to certain times of the day.

• A large portion of your customer base consists of small retailers, like convenience stores, where store rooms are typically small, cannot store excess inventory, and require frequent replenishment. • Direct contact with retailers is a critical element to customer satisfaction, and therefore, drivers making the delivery broker the retailer relationship.

If goods are not on shelves, you lose a sale and, consequently, market share. Using the example of soft drinks, if one soft drink brand's products are not on retailer shelves but the competitive brands are, then the consumer will buy the competitive brand as his/her second choice.

 Security or product theft is an issue, especially in the case of high-value goods such as tobacco, alcohol, and jewelry.



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H<mark>ow to S</mark>hip Air F<mark>reight in</mark> Al<mark>as</mark>ka

PANNING 570,374 SQUARE MILES OF LAND MASS-MORE THAN TWICE THAT OF TEXAS-ALASKA HAS THE THIRD-LOWEST POPULATION IN THE UNITED STATES AND THE LOWEST POPU-LATION DENSITY AT APPROXIMATELY ONE PERSON PER SQUARE MILE. North to south, the state covers 1,400 miles, compared to 2,700 miles side to side.

Despite this magnitude, there are only 1,082 miles of highway in Alaska, most of which form a rough triangle between Fairbanks, Anchorage, and Tok, an area that represents one-fifth the size of the state.

The state's sheer size and remoteness make flying any type of freight to any populated place in most weather conditions an indispensable necessity. What might be a simple truck shipment elsewhere in the United States is likely to involve either a plane or a boat or both in Alaska. But that's just the tip of the glacier among challenges air cargo shippers regularly face. Several other factors complicate transportation and logistics:

Weather. With seasonal temperatures that can oscillate from 100 degrees in the summer to -78 degrees in the winter, shippers and air cargo companies often require favorable weather forecasts for fuel stops or contingency landings, especially when flying on the Aleutian chain.

Lack of infrastructure. Most of the state is only accessible by air or sea with three-quarters of the ocean frozen seven months of the year. Many remote destinations in the Alaska supply chain have relatively basic airport infra-structure to work with.

Types of cargo. Freight can include small cars, snowmobiles, furniture, food, mail, dynamite for mining, construction materials, as well as turbines and pipe for the oil and gas industry. Uncommon freight has ranged from a walrus, eagles, and otters to blue Astroturf for a village high school football team.

Service frequencies. Some communities are solely accessible by air and have between 100 and 500 residents, so air cargo is a life-line for receiving essential goods. Most of these villages are serviced directly or through a nearby hub.

Seasonality. The summer season is the busiest with construction, tourism, and fishing as the main drivers for the upswing in air cargo services; however, flying in winter is also critical to ensure remote communities receive goods during the harshest time of year.

4 AIR FREIGHT TAKEAWAYS

Moving cargo by air in one of the most dynamic geographic regions of the world offers a crash course in transportation and logistics management. Here are four key takeaways that any shipper can learn from:

1. OUT-OF-THE-BOX INNOVATION. Alaskan freight forwarders and carriers are often pressed to create special solutions for moving cargo. Custom boxes have been built to accommodate a complete dog team for air transportation. Exemptions have been made for transporting life-saving oxygen on aircraft. Special permits have been established to transport high explosives to remote mines and villages for construction. When shipping by air in Alaska, convention flies right out the door.

2. PLANNING. Air transportation is conceptually the same everywhere. But in Alaska, shippers are especially attuned to the logistics and challenges they face in terms of weather and unforeseen circumstances. When flying is a way of life, so is planning.

WORKING ACROSS MODES. Given the nature of freight movement in Alaska, shipments are intermodal.
 Truck, ship, ferry, plane, snow machine, sled... you name it. It can be any or all of these modes. Even in the air there are complexities. Beyond major Bush hubs, shippers often use secondary carriers with fewer capabilities, so coordinating size and time of shipments can be critical. Different aircraft may be in different locations at different times.

4. CUSTOMER SERVICE IS AT A PRE-MIUM. Because many small communities rely on Alaskan airfreight companies for everything from food to mail, customer relationships are just as important as the service.

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Within the remote, isolated areas and extreme conditions of Alaska, northern communities depend on swift and dependable delivery of equipment and supplies for their quality of life. For that reason, Alaskans entrust NAC to transport their shipments quickly, efficiently and safely – and so can you. No matter the destination, NAC has the expertise to handle any challenge with confidence.

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How to Find the Best EDI Solution For Your Operations

7 RULES TO FINDING THE BEST EDI SOLUTION

N TODAY'S SUPPLY CHAIN, CHANGE IS A CONSTANT. Businesses have to gather and communicate information in real time to manage variability and efficiently match supply to demand. Flexibility and scalability are important. But with new sets of transactional requirements and data elements emerging, integrating and mapping this information to existing business systems and rules is a recurring challenge.

Electronic data interchange (EDI) technology and infrastructure is adapting to help businesses more quickly and accurately share information within the corporation and across the supply chain.

For many companies EDI is a critical enabler, not a competitive differentiator. But with the rapid growth of Software-as-a-Service (SaaS) delivery platforms, businesses are reconsidering how they electronically integrate with external



trading partners. Combining existing EDI connectivity with SaaS functionality

and pay-as-you-go convenience shifts the pressure of how technology is delivered and the risk and return of investment from the end user to the service provider.

The new EDI model is scalable and accommodates diverse needs. For a small or medium-sized business with no EDI functional-

ity, a cloud-based solution is

preferable to investing money in a hard system install. It's also advantageous for companies with existing and aged EDI hardware that are looking to upgrade with new peripherals.

As companies strive to stay lean and reduce costs, SaaS EDI solutions are proving their worth. Technology buyers gain operational latitude and economy by plugging new customers, service providers, and vendors into an adaptable solution with flexibility to grow. Shippers and service providers have three options when they shop for EDI solutions: a traditional hardware platform and software license; a hosted solution and singly managed service; or a multi-tenant SaaS solution, where the vendor hosts and manages the service. When considering SaaS EDI suitors, make sure solutions meet these seven criteria:

1. SUPPORT ALL TRANSACTIONS, DATA FORMATS, LABEL REQUIRE-MENTS, AND WORKFLOW. IT vendors should be able to perform all of the tasks of a targeted operation to maximize the solution's efficiency. This includes required tasks (purchase orders, advanced shipping notices, invoices, UCC-128 labels, branded packing slips) and specific workflow scenarios that require shipment to DCs or vendor managed inventory.

2. PROVIDE A COMPREHENSIVE OUTSOURCED SOLUTION. A SaaS

EDI service must be able to secure data conversion into and out of the EDI system; map data, business rules, and workflow unique to each customer and trading partner; connect the software/network for transporting data between suppliers and partners; and integrate ERP and/or accounting software for importing and exporting.

3. USE MULTI-TENANT APPLICATION ARCHITECTURE. The most important feature of SaaS EDI is its strategy of reusing maps. This is critical to providing superior reliability at a lower cost than in-house approaches.

4. ENSURE SERVICES ARE EASY TO ACCESS AND INTEGRATE. To be efficient, EDI services must integrate easily into existing workflows. For example, Internet access allows users to perform tasks regardless of whether they are in the company's or partner's facility, or a foreign country.

5. OFFER ROLE-BASED, SECURE USER ACCOUNTS. EDI users want data that informs them where their product is in the chain of supply. Enabling suppliers to create sub-accounts and distribute their use to third-party partners gives customers greater visibility to shipments in transit.

6. ALLOW MIGRATIONS WITHOUT INTERRUPTING EXISTING SYS-

TEMS. A solution is only as good as its capacity to accommodate a user's unique scenario. Practical EDI solutions provide the necessary tools and are built to make transitions among partners painless and seamless.

7. OFFER RELATED TRADING PARTNER PRODUCTS. Not all solutions are created equal. Many offer the same functionalities, but some recognize the value of EDI transaction data to other processes and offer services to help suppliers improve processes such as electronic cataloging and item synchronization.



Optimize Your Supply Chain

More than 35,000 organizations in over 40 countries improve their supply chain operations with solutions from SPS Commerce. Whether you're a supplier or a third party logistics provider (3PL), SPS Commerce can help you enhance integration, visibility and collaboration with your trading partners.

Customers gain immediate access to the largest trading network in the retail industry, including proven connections to more than 1,300 retailers and grocers. And, SPS' on-demand supply chain services, including EDI, are delivered via a Software-as-a-Service (SaaS) model with less cost and risk than traditional software.





How to Enable a Proactive Supply Chain

OMORROW'S SUPPLY CHAINS WILL BE INTERTWINED SUPPLY NETWORKS PREDICATED ON RESPOND-ING TO SUPPLY AND DEMAND CHANGES AS THEY HAPPEN, NOT AFTER THE FACT. Transaction and shipment exceptions are common, so businesses must be able to account for these variables by enabling a proactive supply chain. When problems occur, the earlier and faster information is communicated to partners, the better they can work toward finding an efficient and economical resolution.

Every transaction involves at least two parties-buyer and seller. But many others have a stake in its success, including

raw materials suppliers, contract manufacturers, 3PLs, carriers, and freight forwarders, among others. Changes can come from either direction and from any partner: a spike in sales demand can trigger an inventory shortage; a fire in a supplier's warehouse can shut down a production line; over-production and slack sales can create overstocks. When supply and demand fall out of sync, companies and their supply chain partners have to make quick, informed decisions to resolve the problem.

In a proactive supply chain, the end user is in a position to immediately address supply and demand shifts before they become critical.

5 STEPS TO SUPPLY CHAIN EMPOWERMENT

1. ANALYZE THE ENTIRE SUPPLY CHAIN. Many companies often look at operations exclusively within their own enterprise, while the extended net-

work remains a black box. They don't know what's going on in the offshore factory, or who is coordinating with the freight forwarder to move a shipment. Retailers, for example, are so focused on consumer-facing technologies and needs that back-end systems have become neglected. Companies need to analyze their weakest links and they can't stop at the four walls. They must look at every process that touches a transaction from source to shelf.

2. CONNECT ELECTRONICALLY. If all parties are electronically connected to a common set of data, transactional information is communicated to everyone. If there is an exception, changes can be broadcast to appropriate parties across the extended enterprise. When applied to supply chain, social networking and cloud computing capabilities greatly facilitate this data collection and sharing. Pre-set alerts immediately trigger need-to-know parties and there is a central repository of information for partners to tap into. 3. ANTICIPATE ISSUES. The majority of transactions do not go smoothly. Businesses will encounter hiccups, so they need to be able to manage process and change by exception. Early warning signs and alerts should be in place so that if something happens outside the norm – in accordance with a set of pre-determined parameters – necessary parties are notified. To identify exceptions before they become emergencies, companies must have logic that determines tolerances – yellow, orange, red flag triggers – as well as an escalation procedure that scales response according to urgency and alerts appropriate people.

For example, if a ticket printer breaks down in an Asian factory, the first alert should be sent to the facility's management, not the stateside retailer. The supplier might be able to order tickets from another source, or ask the retailer for a delay. If the problem persists or escalates, a procedure should be in place for communicating information across a broader network of supply chain partners.

4. SET UP ALTERNATIVE PLANS. Intelligent and proactive supply chains have a Plan B and Plan C. It's important to set up alternative destination paths and integrate these into standard operating procedures. These contingency plans should be put in place with the expectation and understanding that they will happen.

5. MANAGE BY EXCEPTION. Companies can be so overwhelmed by day-to-day operations that when exceptions occur they are not prepared to make fast and informed decisions. Instead they make rushed and rash decisions because they do not have a bird's eye view of the situation. Exception-based protocols focus on what is most important.

MOST SOURCING TRANSACTIONS DON'T OCCUR AS PLANNED.

Issues, delays & cost increases must be dealt with in a fast and decisive manner. ERP & portal systems don't handle unexpected changes in the supply chain very well.

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