Need to know the best way to maximize intermodal transportation? Work within Hours-of-Service restrictions? Choose a 4PL to help manage your supply chain?

HELP IS ON THE WAY!

Matching supply to demand in today's volatile global environment requires tactical collaboration and strategic partnership to execute in the most efficient and economic means possible. *Inbound Logistics* is here to help guide you in the right direction. Over the past several years, we have solicited reader input and industry expertise to provide practical and instructive how-to guides that address fundamental transportation and logistics challenges. We are incrementally building a library of industry best practices to help readers turn interrogatives into imperatives.

The next 3 installments in the H.O.W library appear on the following pages:

You'll also find these articles on our Web site: inboundlogistics.com/how and in digital format: inboundlogistics.com/digital

H.O.W.
HELP ON THE WAY

How to Take Advantage of Intermodal Transportation

Looming truck driver and capacity shortages, freight rate increases, Hours-of-Service and CSA regulations, and sustainability mandates are compelling many shippers to consider domestic intermodal solutions for the long haul. Perceptions are changing. There are fewer excuses and less resistance. Market constraints aside, rail services and intermodal transit times have become more dependable, making it easier for companies to make the leap.

A decade ago, transit time was important, but not a critical factor–which made rail intermodal suitable for a select group of shippers. Today, however, carriers and third-party partners are scorecarding and benchmarking performance to the minute as they move toward time-definite expectations.

On the East Coast, for example, the Crescent and Heartland intermodal corridors are helping to speed throughput on and off port while providing greater hinterland connectivity. More telling, intermodal is no longer simply a long-haul play. Many shippers are reaping gains by using rail transport in certain regional lanes and markets where inbound-outbound freight imbalances require better use of over-the-road assets to reduce deadheads or alleviate congestion.

With greater visibility to demand and upstream moves, shippers and consignees can make more informed decisions about actual speed-to-market requirements. They can use transloads to mix and match truckload, less-than-truckload, and rail options, creating latitude and deploying highway resources where they are needed most.

If, for example, a shipper is using team service for long-haul truck moves from the East Coast to the West Coast, it might make sense to convert that to intermodal. Although transit times will be two days slower–and the shipper will pay inventory and handling costs–there are considerable transportation cost savings to be had.

As capacity becomes a bigger concern and freight rates continue to rise, shippers will have to open the transit window farther to take advantage of intermodal solutions.

IN SEARCH OF AN ISP?

Any shipper that is making single-stop pickups or deliveries in the transcontinental market should consider converting over-the-road movements to intermodal–especially as capacity in certain lanes begins to tighten. Here are four factors to consider when searching for the right intermodal services provider.

1. TECHNOLOGY CAPABILITIES. Visibility is paramount when working across modes. Intermodal used to be a communication black hole, especially when product came off the rail. But that's not the case anymore. Intermodal service providers can provide a steady stream of information and visibility through continuous GPS tracking. In addition, they can take data, add value to it, and provide shippers and consignees with actionable information that enables them to optimize their transportation moves–improving dwell times, for example.

2. FINANCIAL STABILITY. Make sure the intermodal partner is viable. Are finances in order? Ask for references from rail and motor freight carriers, as well as other shippers.

3. ASSETS. Does your prospective partner have containers and/or drayage assets to move shipments? Some non-asset-based companies sell product they buy from underlying carriers. Prospective shippers should ask questions. Find out who the broker is working with, and properly vet that chain of custody.

4. FUTURE GROWTH. The intermodal market is changing at a rapid pace as services and technology capabilities continue to mature. Make sure your partner is thinking ahead. Does it have a five-year plan? Is it making investments? What industry partnerships is it involved with?

OVER THE LAST 42 YEARS, we've helped customers' products go anywhere in North America. Yet, somehow they've taken us even further. We've grown from a single room office to a three billion dollar company while continuing to invest in infrastructure, technology and sophisticated reporting—because our business only goes as far as yours.

LEARN HOW OUR STABILITY ALLOWS YOU TO DO MORE AT HUBGROUP.COM

Hub Group

How to Manage Hours-of-Service Regulations Compliance

Now that the Federal Motor Carrier Safety Administration's Hours-of-Service (HOS) rules have entered into force, trucking companies and shippers need to account for these regulatory changes. Any company that is working in a fast-paced, time-definite shipping environment is especially vulnerable.

The new HOS regulations feature two key provisions:

- **Limitations on minimum "34-hour restarts."** Where previously any 34-hour break would allow drivers a "restart," the 34-hour period now mandates two 1 a.m.-to-5 a.m. periods. The clock doesn't reset with the start of the rest period, but rather the beginning of the restart. A driver can only take one 34-hour restart in 168 hours, once a week. Without proper planning, the 34-hour window can turn into a 50-hour window.
- **Rest breaks.** Long-haul truck drivers can still work 14 hours in a day, but they may not work more than eight consecutive hours without taking a 30-minute rest break. This means that drivers must be properly trained and monitored to ensure they are following regulations. Routes and schedules must be adapted to accommodate these breaks.

As a consequence of these changes, shippers and consignees need to be more proactive about how they schedule and accommodate deliveries to ensure drivers remain in compliance, and that they don't incur any undue delays or extra costs–or the wrath of customers who have received poor service.

In an industry that is already stressed by growing volume demands, fewer drivers, and aging infrastructure, the HOS rules will further reduce capacity.

SENDING OUT AN HOS SOS

To make the best of the new rules, shippers can follow these three guidelines:

1. SCHEDULING AND WORKFLOW MANAGEMENT. The new regulations will lengthen delivery times. Left unchecked, this can increase costs, disrupt complex supply chains, and introduce cascading consequences throughout a company's extended network.

One way organizations can counter these changes is by adjusting their planning. A common practice among trucking companies is to schedule driver hours for early morning to allow more drive time, and to put trucks out with less traffic. The new rules will require this approach to be managed even more closely. Small mistakes from scheduling or unexpected events will have greater consequences. Ensure that your carrier partners are fully engaged throughout your system, and are prepared to handle contingencies.

2. DRIVER MANAGEMENT. It's easy to forget that multi-million-dollar supply chains rely on the work of drivers operating with relative independence on modest salaries. An industry that is already suffering from a significant shortage of drivers must now adapt to tighter regulations, increasing the need for good drivers.

Drivers need to understand increasingly complex regulations and be more attentive to compliance. Companies should focus on their recruiting, training, and management practices.

3. PARTNERSHIP. Collaboration has always been an important part of delivering a supply chain that creates an operational advantage and gives shippers greater control over their costs. Today, it is essential. Ensure that your trucking company provides the technology, transparency, and reporting that enables you to continually improve the efficiency of your business. Just as importantly, provide them the data to allow for greater gains in productivity and management.

How to Transform Your Supply Chain Through a 4PL Approach

When companies have a huge hill to climb in strategic business process change, radical growth they don't know how to handle, market volatility, acquisitions, or significant supply chain performance issues, a fourth-party logistics (4PL) provider strategy can help align and direct projects with an eye toward future goals.

The 4PL engagement begins with formulating a supply chain strategy. Companies may have goals and objectives, but those don't necessarily paint a picture of what they want to be and where they want to go. A 4PL approach helps define the supply chain capabilities and characteristics an organization wants to develop, and establish the methodologies necessary to drive results month-to-month and year-over-year to achieve that vision.

The second part of a 4PL strategy is establishing a governance process–ensuring key stakeholders are involved with reviewing projects, opportunities, and standard methodologies. This includes project, financial, and implementation management.

With these two bases in place, the 4PL partnership can go in multiple directions. Often a 4PL provider will work with a customer to create a funnel they can use to channel projects through the methodology and governance processes. Companies can progressively work toward bigger goals by fast-tracking quick wins–transportation rates and optimization, as well as DC network rationalization, for example.

As an organization streamlines its supply chain, it frees up cash that can be injected elsewhere. A successful 4PL engagement blends strategy and execution, with each feeding the other. A methodology must be in place to set goals, measure performance, and progress toward bigger gains by meeting more easily recognized goals.

The last part of the 4PL implementation involves aligning capabilities to demand. Functional needs change as the company and provider accumulate quick wins and move toward achieving their vision. Scope will change with different ebbs and flows, and resources will flex according to different skillset requirements. By contrast, in a traditional 3PL partnership the service provider will hold onto scope, such as managing a DC.

Ultimately, it all reverts to the initial strategy. What are the company's long-term objectives? What does it want its supply chain to look like? A company's future state vision is often radically different than the current. Progress toward an enterprise's goals is never a straight line. It changes because the business will inevitably change.

3 SITUATIONS A 4PL CAN IMPROVE

Could your company benefit from working with a 4PL partner? If any of these descriptions fit, it's possible.

1. Any significant change in a company's position in the market or in the market itself can be a 4PL trigger. If there is a lot of consolidation, new entries and competition, or a series of acquisitions and accumulated resources, companies may consider driving transformational change in order to meet market or competitive requirements.

2. A commonality of resources and skillsets–or a lack of diversity in talent and expertise–may require an infusion of fresh thinking and new scenarios to take the organization to the next level.

3. Supply chain disorder is a sure sign that a 4PL could be of use. Is the supply chain highly decentralized and difficult to manage? Does a company run all its warehouses the same way, or does each have its own processes? How lean is the supply chain? If there are big gaps between goals and reality, a 4PL approach can help accelerate migration toward better standards and greater efficiencies.