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TOP 10 3PLS**

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## 3PL CHANGE AGENTS

ALSO IN THIS ISSUE

EXCLUSIVE 3PL MARKET RESEARCH    FEATURE THE PLUG & PLAY SUPPLY CHAIN

COLD CHAIN LOGISTICS: LICENSE TO CHILL

HERE COMES THE BRIDAL WEAR SUPPLY CHAIN    SUPPLEMENT U.S.-CANADA TRADE: TIES THAT BIND

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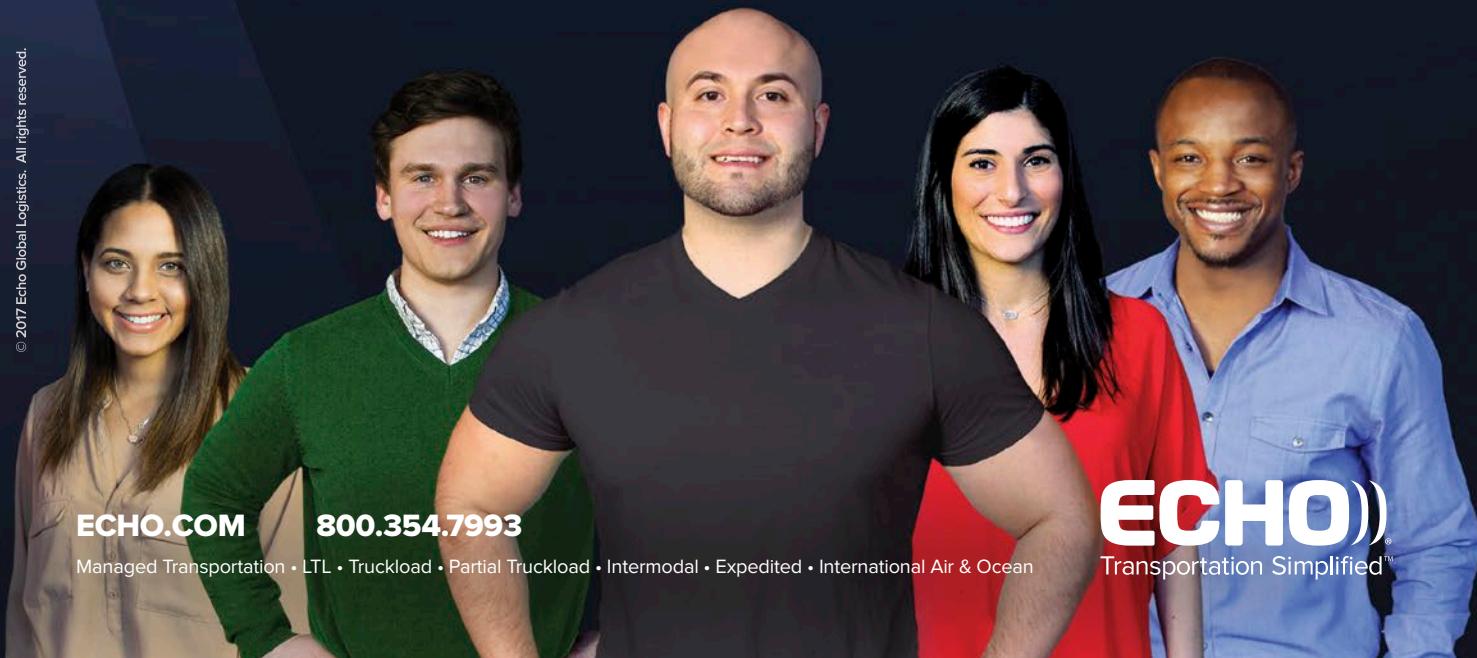


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# info snacks

BITE SIZED SUPPLY CHAIN/LOGISTICS INFORMATION

## Ice, Ice Baby

For a long time, cold chain services were all about storage. But today, 56 percent of the cold chain industry's revenue comes from non-storage activities, according to an International Association of Refrigerated Warehouses survey. (See *License to Chill*, p. 188)



## When Good is Not Good Enough

"I try to constantly inspire my team to think big and make their ideas a reality," says Dan Clark, founder and president of Kuebix. "I like to tell them, 'We can't be good. We can't be average. We have to be great.'" (See *LeaderShip*, p. 20)

## Vin Diesel Fuel

Only 15 minutes in the movie *The Fate of the Furious* take place in Havana, Cuba. But it took roughly three weeks to film those scenes—and months of around-the-clock logistics planning. (See *Special Delivery*, p. 196)



## Plug and Play Payday

When Dell re-engineered its global supply chain using a plug-and-play strategy, it achieved: 37-percent improvement in product availability; 33-percent shorter order-to-delivery times; 30-percent reduction in freight costs for notebooks; and 30-percent reduction in manufacturing costs. (See *Plug & Play Supply Chain*, p. 118)



# 72%

The percentage of global business leaders who believe the world has become a riskier place. (See *Global*, p. 37)

# inbound logistics

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## I IO Supply Chain Collaboration: Working in Tandem

Successful supply chain collaboration between shippers and their third-party logistics providers involves transparency, honest communication, and commitment. Come along for the ride.

## I I8 Plug and Play Supply Chains: A Smarter Path to Growth

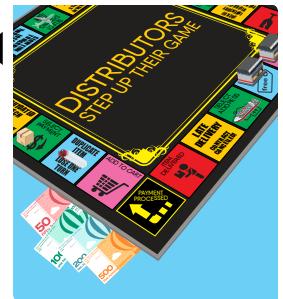
Companies and their supply chains have found a powerful new strategy for driving profitable growth—the plug-and-play supply chain. Let's break it down.

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## ONLINE COMMENTARY



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The ultimate way to transform logistics is by improving efficiencies through IoT, analytics, and intelligent platforms. But what does it take to run these applications in a regulated industry that needs to find untapped business?



### E-commerce Survey Finds Retailer Growing Pains [bit.ly/E-commerceSurvey](http://bit.ly/E-commerceSurvey)

Business is booming for online retailers, but only half say they are happy with their fulfillment operations. Find out more e-commerce survey results, including common challenges and areas requiring the most improvement.



### Putting an End To Black Box Shipping [bit.ly/BlackBoxShipping](http://bit.ly/BlackBoxShipping)

For even the most critical shipments, shippers sometimes receive information for only when a shipment left their hands and confirmation it arrived. Here's why this type of "black box" shipping is on its way out.

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## 3PL RESOURCES

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Choose the services and capabilities you need from a provider and the Decision Support Tool will find matching companies from our Top 100 3PL database – and more than 100 other leading 3PLs. You can even contact companies directly from the search results through our linked RFP.

### 3PL Request for Proposal [bit.ly/IL3PLDST](http://bit.ly/IL3PLDST)

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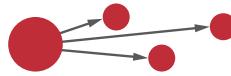
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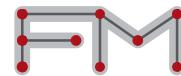
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# CHECKING IN



by Keith Biondo | **Publisher**



## Bad News, Good News

**W**hy does logistics giant XPO Logistics invest \$500 million annually on IT to drive its business? The explosion in e-commerce, according to Brad Jacobs, CEO of XPO. But it's not only consumers who have been acculturated to supply chain impatience. Purchasing, buyers, and supply managers in industrial sectors also feel the need for speed—and for IT connectivity as well. That's part of what is being called Manufacturing 4.0 as industry adapts the Internet of Things (IoT) to their manufacturing and supply chain processes.

What do those trends mean for your logistics partners, especially if they are not market monsters? Can mid-size warehouse operators, brokers, and 3PLs flourish in this environment? Or will market monsters—and Amazon, as some are foretelling—squeeze them out of existence, consequently leaving you with fewer solutions and choices?

The bad news: The challengers and challenges are formidable. The size of the market monster competition is daunting to small and mid-size solutions providers. Few logistics player have millions to invest in the kind of technology that provides global visibility and control, and wrings out every transportation efficiency. Clearly, not many 3PLs have the wherewithal to quickly invest in robotics and supply chain automation that continues to feed the customer and consumer need for shipment speed and reduced, or even free, shipping.

Now add the supply chain professional talent gap, which is driving salary increases for skilled supply chain professionals needed to master the increasing complexity of logistics operations. Then, there's a gap at the operational warehouse and fulfillment level, and minimum wage initiatives that continue to spread. That begs the question: Can sufficient logistics labor to drive customer demands and expansion be accessible only to 3PLs with the deepest pockets who have a greater ability to pay more for workers when they have to?

But there is good news for those using mid-tier brokers, warehouse operators, and 3PLs to help administer logistics networks and supply chain operations: they offer advantages, too. Specialization, personalized service, and being closer to the customer engenders a fuller understanding of your business challenges. They can also compete by staying up to date on low barrier to entry technology, such as cloud and pay by the drink applications, which offer powerful low-cost IT solutions. And, they can ally with other 3PLs and carriers to fill service and coverage gaps.

The good news: These approaches are paying off. Eighty-seven percent of service providers surveyed in *Inbound Logistics'* 2017 3PL Perspectives market research report have grown their client base by at least five percent over the past year; 89 percent have increased sales; and 81 percent have grown profits. That growth is primarily in the mid-tier 3PL quadrant, which is more good news. ■

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# CHECKING IN

*Felecia Stratton*

by Felecia Stratton | **Editor**



## Updating Einstein?

**E**instein said the faster an object moves, the slower time seems to pass. Well, not for me. The increased speed at which products now move through the supply chain seems to have the same impact on my calendar. I can't believe half the year is gone, and in the blink of an eye it will be 2018.

Everything moves super fast for you, too, as supply chain performance builds brand recognition and enhances customer service. We had that in mind when we planned this annual Third-Party Logistics issue (were those planning meetings really six months ago?). You'll find interesting and informative case histories about the important work third-party logistics providers do speed your supply chain to drive competitiveness and growth.

Here is quick look at what's on tap for you in this edition.

In his editorial on page 10, Publisher Keith Biondo refers to the key drivers of success: having a close integrated bond with your customers means that as their business evolves, logistics solutions match that transformation. That also feeds specialization of solutions and diversity of choice when considering logistics partners—a business co-evolution if you will.

Our cover story, 3PL Change Agents (*page 128*), offers several in-depth examples of how logistics partners can do more than solve transportation, warehousing, and supply chain challenges. If you let them, 3PLs can drive change across your entire enterprise, positioning you to compete and scale for growth. And do it quickly.

Indeed, logistics partners are enabling success for many of the thousands of readers who voted in our Top 10 3PL Excellence Awards. Which 3PLs came out on top? Check the results on page 159.

It's not only 3PLs that are enabling success. Distributors

also are dealing with the new challenges e-commerce creates. In *Distributors Step Up Their Game (page 94)*, you'll find perfect examples of how customer demands can quickly transform—or trash—your business if you're not proactive. Demand-driven logistics practices, technology, and adaptive logistics partners are the real game changers here.

The game is changing in the cold storage industry as well. For a very long time, cold storage facilities served a single purpose: to hold inventory. Today, scope evolution, closer collaboration for business change, and other trends are transforming logistics solutions. Given changing consumer buying and eating habits, and the need for speed, smaller shipments, and efficiency, cold chain solutions are blossoming. You'll find compelling examples in *License To Chill (page 188)*, which offers 12 cool trends that are turning cold storage into today's hottest solution set.

If you want to explore how e-commerce and the digital supply chain is impacted by the change in consumer consumption, the feature article about direct-to-consumer logistics, *Direct Hit (page 88)*, is one to set your sights on. No one expected the rapid change and adoption of the buying of the Online of Everything. Well perhaps Amazon did, and yes, we cover them in this article.

What happens when Cuba's 1950's environment calls for today's world-class logistics requirements? More change agents? Maybe. Find out in the fun project logistics feature, *Special Delivery (page 196)*, which follows Vin Diesel and company as they tear up the roads in Cuba for the next installment of the exciting *The Fast & the Furious* franchise.

Fast and furious is a great way to describe today's supply chains. I wonder what Einstein would have thought about the speed at which products now move. Would he have updated his Theory of Relativity? ■

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# Good Question...

READERS WEIGH IN

## What's the most important question you should ask a potential 3PL partner?



Will your pricing and service change after the first few transactions?

**Erik Boe**  
Warehouse Manager, DC Group

What do you do when the trucking company loses some of the customer's freight? I found out the hard way that for at least one company I don't use anymore, the answer is *nothing*.

**Kirby Mohr**  
President  
Mohr Separations Research

How will the recent disruptions to the retail industry—Amazon buying Whole Foods and Walmart buying Bonobos—affect the supply chain?

**Sander Eth**  
SVP Supply Chain, Bambeco

I would ask for a price on my five most recent freight loads (LTL) and see how competitive the 3PL is, compared with current 3PL partners.

**Nick Pavel**  
Accounts, ER Tillage

What is your company's history? Simple, yet effective.

**Aimee Charles**  
Operations, Enwork

What philosophy guides your process when you're implementing new programs with a customer?

**Nick Hagel**  
Supply Chain Manager  
Anadarko Petroleum

How quickly do you resolve freight claims? Also, since I deal with a few 3PLs, I am constantly comparing rates, so I then ask: Can X-carrier do better with you on pricing since it is lower on a different 3PL? It's all about service, paying the fair rates, and no damages.

**Carol-Lynn Maynard**  
Buyer, Foster Corporation

Does your company have a capable trailer tracking system with customer orders? Does the website contain both bills of lading (from the carrier) and packing list documents (from the supplier or shipper) that can easily be downloaded for reference?

**Anayet Chodury**  
Materials Coordinator  
Serta Simmons Bedding Dallas

Do you have the right equipment, facilities, technology, and services to meet my company's needs?

**Lynn Carlisle**  
HR Director/Credit Manager  
Xtra Lite Lighting, LLC

Can you describe your company's cross-functional collaboration with regards to servicing our account after we have signed with you?

**Ax Torres**  
Director of Operations  
United Services

Currently, we are working with 3PL providers in Southeast Asian countries that lack the infrastructure to support many dangerous goods.

My question: What commitment will you make to us to ensure the safe and reliable transport and warehousing of our goods?

**Graham McFarlane**  
Head of Global Electronic  
Special Gases  
Linde Electronics

### HAVE A GREAT ANSWER TO A GOOD QUESTION?

Be sure to participate next month.

We want to know:

### What's the most interesting or unusual supply chain problem you've solved?

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“The Whole Foods deal gives Amazon an existing refrigerated frozen-food supply chain and that could make a difference for meal-kit services as well as for broader at-home grocery delivery.”

**Philip Evers**

Logistics Professor at the University of Maryland’s Robert H. Smith School of Business, on Amazon’s acquisition of Whole Foods.

### Finding Untapped Value in Product Returns

[bit.ly/productreturns](http://bit.ly/productreturns)

In today’s returns economy, retailers need to be able to separate the good return from the preventable one.

**Mohammed Hassen Mayet**

Return policies need to be seriously considered; the logistics return price minimizes the profit margin. Goods must be under strict quality control, which works hand in hand with order processing. Rather, the product should be triple-checked before shipping the commodity.



### Reader Email

[bit.ly/managingyardwork](http://bit.ly/managingyardwork)

I really enjoyed the “Managing Yard Work” article in the May 2017 issue. (Wait for the inevitable “but.”) I have looked into a couple of yard management systems (YMS) in the past and one really valuable piece of information that could help someone on the hunt would be to show which ones could be purchased as standalone systems.

For instance, I contacted one of the providers on your YMS Buyers’ Guide list and asked whether we could use their YMS and the answer was yes! A few hours later, I find the caveat is: if you purchase our warehouse management system (WMS). Humph. I don’t need an entire WMS—just a YMS. So now, looking at these providers I’m still not sure whom I might reach out to.

Just a thought.

**Loni Newcomb**

**Sr. Director, Distribution Systems  
Dollar General Corporation**

**Editor’s Note:** Reader feedback like this helps us tailor our content, so thank you. For our 2018 YMS Buyers’ Guide, we will indicate which systems are available as a stand-alone to make the list more helpful to logistics and supply chain managers.

### Web Comments

**How to Optimize Demand Chain Management**

[bit.ly/DCMknowhow](http://bit.ly/DCMknowhow)

**Charu Sharma**

Demand chain management (DCM) is similar to supply chain management but with special regard to the customers. DCM creates strategic assets for the firm in terms of the overall value creation as it enables the firm to implement and integrate marketing and supply chain management strategies that improve its overall performance.



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# 10 TIPS

## STEP-BY-STEP SOLUTIONS



## Making Vendor Managed Inventory Work

**V**endor Managed Inventory (VMI) lets suppliers manage re-supply by monitoring customer stock levels and forward demand that optimizes working capital with service levels. This gives suppliers better visibility into forward demand, allowing them to produce, ship, and store more efficiently. As a result, customers have a smooth supply of product delivered at the right time and do not have to worry about stock-outs.

Gary Neights, senior director, product management, Elemica, offers these tips to better manage VMI relationships.

**1 Trust and collaborate.** Don't view VMI as cost shifting from customer to supplier but as collaboration between customer and supplier. The supplier manages order processing, working capital, transportation, and storage based on the customer supplying accurate and timely inventory, material movement, and demand information.

**2 Agree on objectives.** Determine goals upfront. Is the joint objective to add operational and working capital efficiency to a mature, stable process via VMI? Or is the objective to improve effectiveness of a process by tackling specific pain points?

**3 Ensure accurate inventory.** It's best to use a real-time, automated physical measure of inventory, such as telemetry. If inventory accuracy is consistently high, you can leverage an inventory record feed from the ERP. Manual physical counts are also an option.

**4 Let business rules and parameters govern the process.** Minimum safety stocks, demand-variable safety stocks, lead times, manufacturing, and shipping calendars help ensure you achieve service levels and manage risk.

**5 Synchronize data.** Does the supplier use pounds while the buyer uses kilos or drums?

**6 Integrate orders.** A VMI tool should automate the integration and cross-referencing of data inputs; apply algorithms, business rules, calendars, and lead times; and generate orders. The orders should automatically post to the supplier's order processing system.

**7 Stay flexible.** The VMI tool should accommodate changes in demand or transportation status. For example, a late delivery should be signaled to the system so that it can adjust.

**8 Determine if demand uncertainty indicates the need for multi-echelon VMI.** This enables the direct capture of demand data from end customers, allowing intermediate storage facilities to replenish more accurately. The predictive power of this application is that it smooths out demand variation and supports economic order quantities while considering customers' individual demand profiles.

**9 Compare automated VMI tools to manual VMI.** Automated business process tools that utilize exception-based alerting to proactively manage the process enable you to eliminate errors, stock-outs, and emergency shipments. By automating the process, you can roll out standardized enterprise-wide VMI processes and inventory management controls, and scale your operation.

**10 Consider the human element.** While VMI may have a large and positive impact, customer service, procurement, supply chain, and sales need to be involved. Some individuals may resist deployment because they don't understand VMI's goals. That's why you need proactive change management and project management. ■



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# LEADERSHIP

*Conversations With  
The Captains of Industry*

By Merrill Douglas

**Dan Clark**  
Founder and President,  
Kuebix

## Empowering the Shipper

**A**FTER MORE THAN 14 YEARS IN THE trucking industry—at USF Group and Central Freight Lines—Dan Clark decided it was time for a change, both for himself and for the shipping community.

Trucking companies were depending on legacy information systems, often inherited through corporate acquisitions, that couldn't share data efficiently. Shippers increasingly relied on third-party logistics companies to manage their relationships with carriers. And those shippers, Clark says, lacked real-time access to information about their loads, especially the costs.

Spotting an opportunity, in 2008 Clark founded Kuebix, which provides cloud-based transportation management systems for both small and mid-sized businesses and larger enterprises. "Our company's mission is to bring the power back to the shipper," he says.

On top of the potential he saw in his idea, Clark's longtime passion for coding didn't hurt the new venture. "Not many truckers know how to write software," he says.

Clark recently gave *Inbound Logistics* a look at how he has developed as a leader.

### **IL: Give us a story from earlier in your career that illustrates the type of leader you are.**

I was assigned to run a trucking terminal in Newark, New Jersey, that was in chaos. There was so much freight that you could walk the dock without hitting the ground. It was a big barn, with about 500 Teamsters and 22 supervisors. Everyone worked seven days a week, but it was supposed to be a five-day operation.

One of those supervisors was a workaholic. The other supervisors were leaving after eight hours, but he worked 16 to 20 hours every day, and was burning out. So I said, 'Jim, you're going to work four hours each day and then go home. The other supervisors will pick up the slack for you and for each other. I'm going to work with you, and we're going to get this thing done.'

I told them, "We're not efficient, we're not working smart, we're not working together." About five months later, we turned that terminal around, and had one of the best teams I've ever worked with.

### **IL: What were the hardest aspects of launching Kuebix?**

Our biggest challenge was that the technology Kuebix was developing leveraged fast-moving market trends—including mobile, software-as-a-service (SaaS), and integration with APIs. The logistics sector was slow to embrace those trends. Companies were ready for change but had not adopted the technology that would allow them to make that leap. The first few years were an uphill battle, where we spent more time consulting and educating logistics professionals on

what needed to happen. It wasn't until about 2013 that the industry's acceptance of technology reached a point where Kuebix could attain its full potential.

### **IL: What kinds of growing pains has the company experienced since then?**

We knew what shippers and carriers needed, so we started down a particular path. But because technology changes so fast, we have to be able to change our business model based on what's happening in the marketplace.

In 2008, social media was just beginning. Today, everything has to be mobile-compatible. New developments—machine learning, artificial intelligence, predictive analytics—never end, and we always have to stay ahead of the curve. We have to ask, “Are we meeting today's trends?” and, “Is this business in a position where it can be easily scalable? If it's not, what do we have to do to make that happen?” At the same time, we have to stay a certain course to meet the company's overall objectives.

### **IL: What's the biggest surprise a customer has thrown at you, and how did you handle it?**

When I first started Kuebix, it was more of a consulting service, mainly building applications for large companies. As some of the engagements evolved, we began doing managed service projects to augment our customers' supply chains.

One company had a contract with a logistics provider that managed all their dedicated loads. They were in the process of switching to a new provider, when the incumbent decided to just pack up and leave. Unfortunately, the new contractor couldn't start work for six to eight months. So the customer asked if we could tender some loads for them.

They gave us the information in the morning, and by the end of the day we had processed all 70 loads. We ended up managing that business for one year, until the new company was ready to take over. I was proud of how everybody on our team stepped up, and we got it done.

### **IL: How do you motivate the people who work for you?**

To get the best out of people, you have to be honest and direct. I try to constantly inspire my team to think big and make their ideas a reality. I like to tell them, ‘We can't be good. We can't be average. We have to be great.’

People have to understand that everything can't be high fives. We all make mistakes; we all fail. But people don't get up in the morning and say, ‘I can't wait to go to work today

and fail.’ They want to be the best they can possibly be. And when they do well, you give lots of praise.

### **IL: How do you spend a typical day on the job?**

My desk is located in the middle of the office, but I rarely use it because I am constantly talking with my team and customers. I've been told I can talk a starving cat out of a fish wagon! My days are non-stop.

I want people to do things not because I told them to, but because they want to. At the same time, I have to communicate constantly: ‘Here's where we're stuck. What's the best path? How do we get to a solution?’

What makes Kuebix special is collaboration—not only within individual teams, but across functions and with our customers and partners. I spend my day making sure every person on every team is communicating, and we constantly brainstorm, trying to make our product the best it can be. ■

## The Parking Spot Lesson

One of Dan Clark's mentors was the late Brad Jones, president and CEO of USF Red Star. “He was the most demanding man in the world to work for,” Clark says. “But from the perspective of what he taught me about work ethic and understanding people, he was the greatest person in my business life.”

Here's an example. After Red Star remodeled its parking garage, Jones gave Clark an edict: Every one of the 500 or so people who used the garage had to pull into their parking spot nose-first. “I don't want anyone backing in,” Jones said. “It doesn't matter why.”

Clark started spreading the word at his pre-shift meeting. Lacking any explanation from Jones, he made one up. “It's about the infrastructure of the parking garage, load balancing—engines are in the front of the car,” he told his team.

Three months later, Jones was pleased to report that he had just toured the garage and every car was standing in its spot nose-first.

“Why does it matter?” Clark asked.

“It doesn't matter,” Jones replied. “But the fact that you can get these folks to believe in something you put together, and have them all follow it—that makes you a true leader. Not once did you say, ‘Oh, Brad Jones told me to do this.’ That's the biggest mistake people make. They say, ‘I don't know why we're doing this; the old man wants us to.’”

The lesson? “You've got to be yourself,” Clark says. “You have an objective in front of you, and you have to figure out a solution.”



**Joe Bobko is vice president of transportation with Boxed Wholesale, an online wholesale shopping club. He has held this position since January 2015.**

**RESPONSIBILITIES**

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**EXPERIENCE**

Managing director with Bobko Consulting Group; director of e-commerce transportation with Toys "R" Us; executive positions in transportation with AmerisourceBergen, Grainger, FreshDirect, and CD&L; vice president of consulting with Transgistics Consulting Group; and operations, finance and accounting, and systems roles with UPS.

**EDUCATION**

B.S., Accounting, The College of New Jersey, 1982.

## Joe Bobko: Not Boxed In

**S**EVERAL YEARS AGO, I COLD-CALLED THE CEO OF BOXED WHOLESALE after reading an article about how this startup was going to ship consumer packaged goods over the internet. As somebody who has been in the industry, I understood the challenges of shipping 10 rolls of toilet paper and three gallons of detergent.

Chieh Huang, Boxed's CEO, made the mistake of answering my call. I started as a consultant for the company and, in 2015, I joined the team. I've had the good fortune to watch the company grow from the CEO's garage to four distribution centers and a corporate office.

We write a new chapter every day. Three years ago, we sat and waited for orders to come in. As the company grew, we created relationships with vendors. It was a challenge to gain name recognition and help vendors understand our model. Two or three years ago, most larger companies weren't thinking about e-commerce as a channel for consumer packaged goods. That has now changed.

We average about 10 units per order. That's different than the one or two units per order for most other e-commerce companies. We worked with carriers to help them understand the impact of accessorial charges on our shipments. In addition, solutions such as weekend pickups and processing in certain markets allow us to provide a higher level of service, and help carriers reduce their Monday peak.

Today's supply chains are complicated and fast moving. Most folks I work with are half my age. Their technology and training far exceed what I was exposed to years ago. I've learned from the people around me.

In college, I needed to earn money,

### The Big Questions

**What's your guilty pleasure?**

I enjoy cooking. I'm not great at it because I don't follow recipes, but I love to experiment.

**If you could start a business, what would you start?**

A food truck. There's instant gratification, because people will tell you if they love your food or

don't. I haven't decided what kind of food, other than something people can eat with one hand, so they can hold a drink in the other.

**What would you tell your younger self?**

Do more to educate yourself and mentor the people around you. Do more things that impact society.

so I went to UPS. I started to understand how products move from a manufacturer or supplier to a store, and became hooked on the world of supply chain. It has been a wonderful ride.

Later, I worked for a courier company and was part of a team that rolled 14 privately held companies into one national courier firm. Forming this company required consistent communication and sharing the 'best of the best' processes across the organization.

Years later, I was part of a team that

rolled out omni-channel fulfillment at Toys "R" Us. We went from zero packages in August to 1 million-plus by December in the store network.

The greatest challenges in establishing a store fulfillment process lie in mindset and execution. Store team members serve both in-store and invisible, or online, customers. They need tools and processes to execute. One key tool was simplifying the packing process. Another was working with the order management software so it could look at

customer order date and desired delivery date, and determine which carrier and service should handle the shipment.

Today, we're creating specialists, but I'm a generalist. The most significant benefit is an ability to see the big picture. I started my career with a Fortune 50 company, held roles in operations, finance, and systems, and have been exposed to all types of customers. I add value by thinking across functional lines and helping develop both young and experienced managers. ■

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# NOTED

THE SUPPLY CHAIN IN BRIEF

## GREEN SEEDS



▲ Trucking company **Estes Express Lines** completed its fourth solar-power system installation in its nationwide terminal network. A grant from the Pennsylvania Energy Development Authority facilitated Estes' latest clean-energy initiative; solar energy provider Dynamic Energy submitted the grant application for Estes. The resulting West Middlesex project involved 2,150 roof-mounted panels. The system is expected to produce 777,400 kWh of power annually.

## m&a

**Penske Truck Leasing** entered into an agreement to acquire **Old Dominion Truck Leasing**, which serves approximately 360 customers in diverse industry sectors from 11 locations in five states. Old Dominion Truck Leasing's products and services align with Penske's existing service offerings, including full-service truck leasing and rental, contract fleet maintenance, and dedicated contract carriage. The acquisition adds about 1,400 tractors, trucks, and trailers to Penske's fleet.



## SEALED DEALS

Home security company **Ring** chose **Performance Team**, a distribution and transportation services company, to provide retail and e-commerce fulfillment services. Ring, which offers products designed to reduce crime by creating a ring of security around homes and neighborhoods, is partnering with Performance Team to scale supply chain operations to meet customer needs.

**SEALED DEALS**

▼ **DHL** inked a partnership agreement with the **Council of Fashion Designers of America (CFDA)** to be the fashion trade organization's official logistics partner. As part of the agreement, DHL will co-sponsor and work with CFDA's innovation partner, Accenture, on a study looking at the future of the industry's supply chain. The survey results can help fashion designers more effectively use global supply chains and shipping networks to target customer needs and elevate their brands.



DHL Express delivers a 7-foot-plus statue to Hammerstein Ballroom in New York, where the CFDA Fashion Awards ceremony took place.

**Tony's Chocolonely**, a chocolate brand based in the Netherlands, is using the **Descartes** Global Logistics Network (GLN) to support expansion into the United States. Tony's Chocolonely extended its Descartes GLN deployment to better communicate with retail and distribution customers in the United States. Descartes' GLN, a multi-modal electronic communications network connecting thousands of parties in more than 160 countries, helps the chocolate maker streamline electronic communications and order-to-cash processes with retailers.



**GOOD WORKS**



**Amazon** Fulfillment Center associates in Delaware made a \$10,000 delivery to the Food Bank of Delaware, which aims to provide nutritious foods to local people in need and facilitate long-term solutions to hunger and poverty through community education and advocacy. During the visit, 35 Amazon associates also picked, packed,

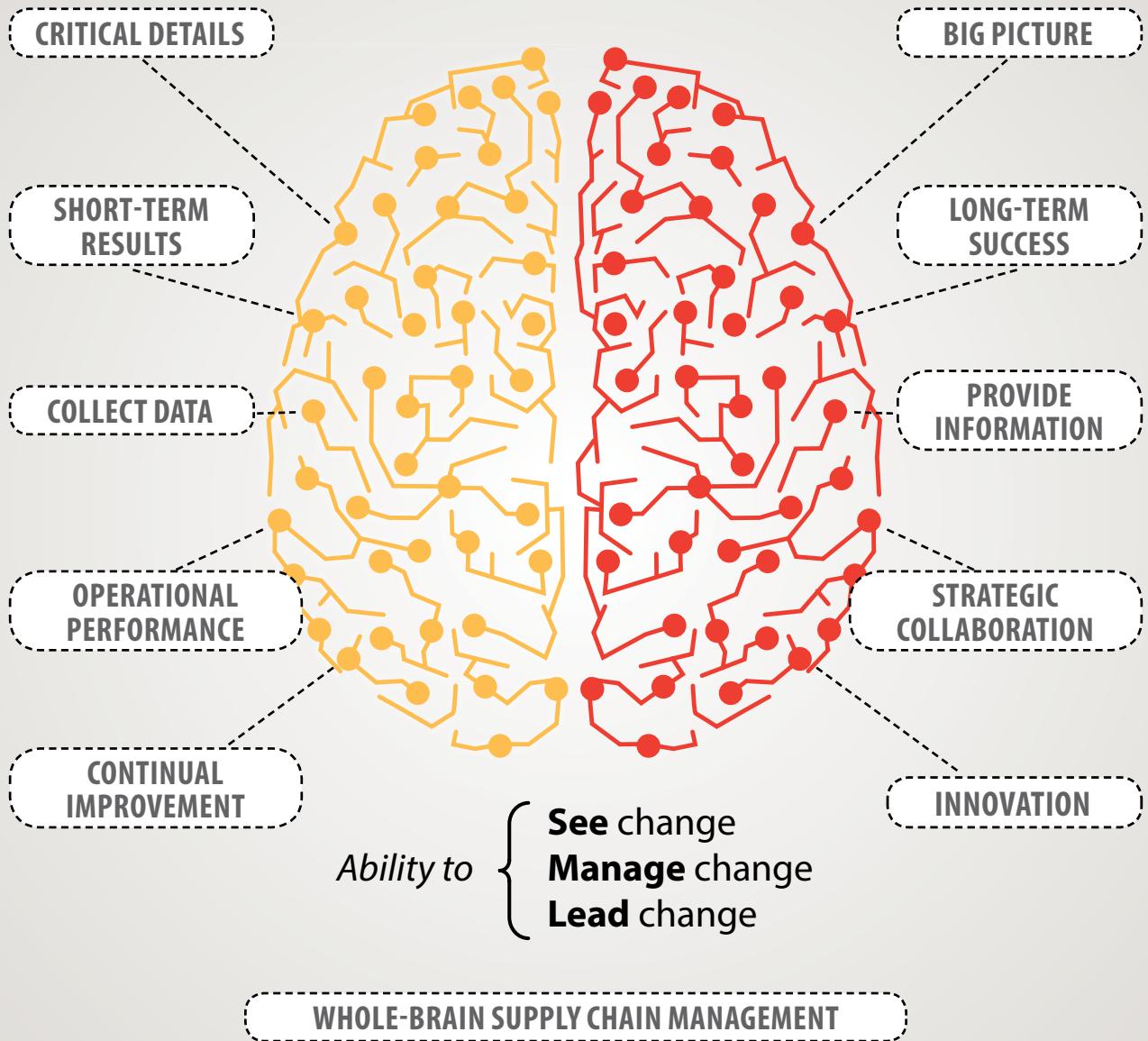
and palletized nearly 500 boxes of meals for local seniors. In addition, they taped and labeled the space, and reorganized pallets and assembly lines using Amazon's kaizen program to increase the Delaware food bank's productivity.

**SHOVEL READY**

▼ **Ridge**, the industrial development arm of Transwestern Development Co., broke ground on a 24-acre site that will house a 351,171-square-foot speculative project in Southpark Commerce Center in southeast Austin, Texas. Three industrial buildings are slated for delivery in fourth quarter 2017. The first building is a 73,832-square-foot service center featuring 24 dock doors and 180 parking spaces. Buildings 2 and 3 are rear-load warehouses. Building 2 has 34 dock doors and 163 parking spaces, while Building 3 has 43 dock doors and 124 parking spaces.



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**SHOVEL READY**

▼ **CN** broke ground on Whirlpool Canada's new distribution center, now under construction at CN's Calgary Logistics Park in Rocky View County, Alberta. The 425,000-square-foot facility will serve as a distribution center for finished Whirlpool appliances coming to Alberta from across North America. The new facility at Calgary Logistics Park directly connects the appliance maker to CN's rail network and transportation services, and allows it to more efficiently deliver to its retail partners.



**UP THE CHAIN**



Food industry veteran **Chris Gregg** was tapped by **Impossible Foods** to be senior vice president of supply chain and manufacturing. Gregg joins the management team and oversees operations for manufacturing and supply chain as the company rapidly expands. Impossible

Foods, which makes burgers that smell and taste like ground beef but are made entirely from plants, is building its first large-scale production facility, which will enable it to make at least 1 million pounds of Impossible Burgers monthly.



# recognition

▼ Supply chain solutions provider **NFI** was named Lowe's **Carrier of the Year**. The home improvement and appliance retailer awards a transportation provider each year based on overall performance level and customer service. Criteria for the award include on-time service, load acceptance, and EDI shipment status compliance. NFI also received the **Platinum Carrier Award** from Lowe's for outstanding service: on-time service exceeding 99.2 percent inbound, 99.8 percent outbound, and a compliance record of 99.8 percent for the past year.



Retailer Dollar General named **Averitt Express**, a provider of freight transportation and supply chain management, its **LTL Carrier of the Year** for the second year in a row. The award is based on several criteria, including on-time service and providing innovative supply chain solutions.

DHL named **Lufthansa Cargo & Swiss WorldCargo**, **United Cargo**, and **Emirates SkyCargo** the recipients of the 2017 **Carrier Award for Reliability and Excellence**. Inaugurated in 2016, the DHL CARE Awards recognize airfreight providers that transport temperature-sensitive life sciences products. Criteria include shipment quality, ground handling expertise, and technology and process innovation. Award recipients demonstrated high levels of shipment performance, rigorous certification, and extensive infrastructure investments.

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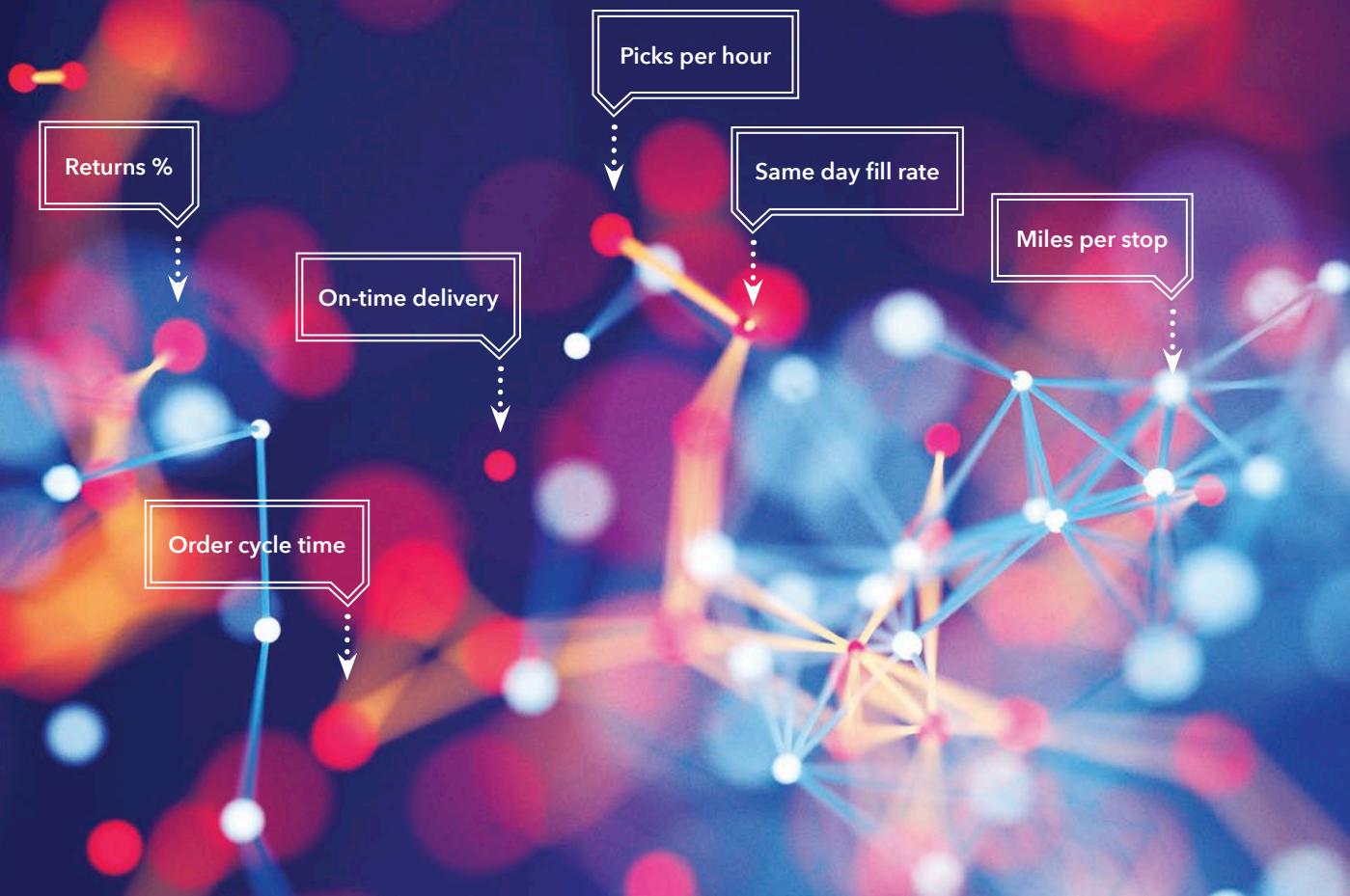
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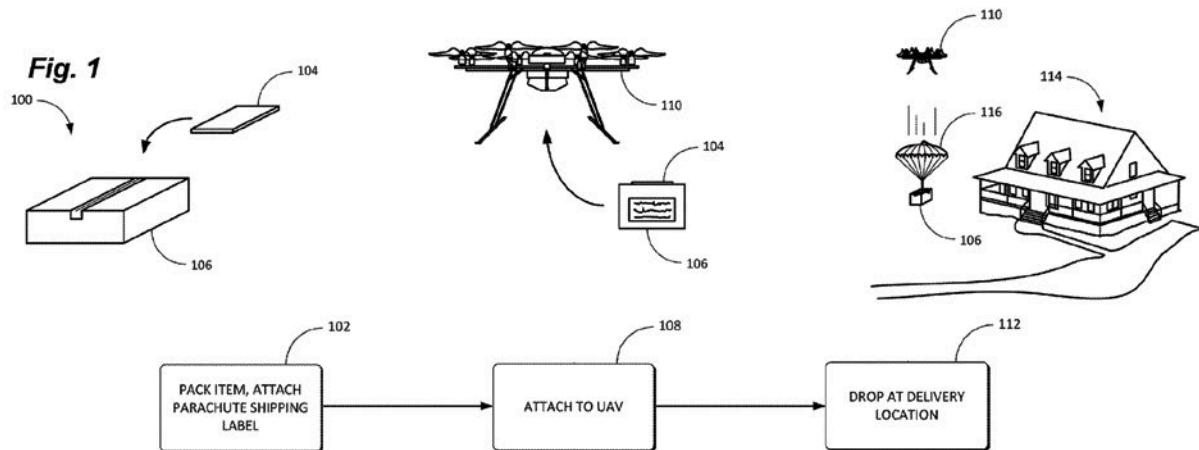
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# TRENDS

SHAPING THE FUTURE OF LOGISTICS



## Amazon Files Patent To Parachute Packages

Amazon teased consumers with drone delivery during a 2017 Super Bowl commercial, although the ad bore a disclaimer: “Prime Air is not available in some states (or any really). Yet.”

Back in December 2016, Amazon made its first successful customer delivery in a trial area in the United Kingdom; in March 2017, the online retail giant completed a test delivery at its invite-only MARS 2017 robotics conference in Palm Springs. Now that it has filed a series of patents for drone delivery systems, Amazon seems to be following through on promises that Prime Air will eventually become a reality.

by Jason McDowell

An old joke says, “You don’t need a parachute to skydive. You only need one if you want to skydive twice.” This logic applies to dropping packages—which could contain any number of fragile products—from the air. Amazon’s latest approved patent reveals a design that incorporates a parachute directly into a package label, according to documents obtained from the U.S. Patent and Trade Office.

Using these labels, Unmanned Aerial Vehicles (UAVs)—or drones—could deploy packages from the air and let them drift safely to the ground. This would reduce delivery times by eliminating the need to land and take off. Packages could even potentially be dropped without the drone stopping, which makes it possible to use multiple types of UAVs instead of just those that can hover and land.

The patent also states that “different sized parachute canopies can be used for different sized shipping container’s descent appropriately to prevent damage to the contents of the shipping container,” suggesting that Amazon would scale the technology for a wide range of package sizes and weights. The patent also describes multiple ways UAVs might carry a parachute-labeled

package, including mechanical arms, a suction system, magnets, and retractable shelves.

The retailer also received recent patents for a magnet-based delivery system and a coiled spring model, so it seems likely that the company will use a combination of many technologies to get drone packages on doorsteps.

Amazon continues to wait on Federal Aviation Administration approval before it can complete more widespread Prime Air distribution testing. This process will most likely take several more years, but there is little doubt that the company plans to drop its packages from the skies as soon as it is able.

## Manufacturing, Logistics Grew Dramatically Over Last Generation

Contrary to public perception, U.S. manufacturing and logistics experienced dramatic growth over the past generation, says a study by the Ball State Center for Business and Economic Research (CBER) and Conexus Indiana.

U.S. manufacturing production grew 11 percent since the 2000-2003 dot.com bust and ensuing economic turbulence of the 2001 and 2007-2009 recessions, reports *Manufacturing and Logistics: A Generation of Volatility & Growth*.

“According to folklore, this has been a terrible generation for manufacturing and those who move goods,” says CBER Director Michael Hicks. “That isn’t what the data says. Indeed, 2015 was a record manufacturing production year in inflation-adjusted dollars. While 2016 fell just short with some weakness in the first and second quarter, 2017 looks to be a new record year.”

Hicks attributes most of the confusion about manufacturing and logistics to declining employment over the past generation.

“The fact is, manufacturing firms have become very lean, and productivity growth means more goods produced with fewer workers,” he says.

Three factors contribute to a decline in employment: the workforce is better educated and trained, increasing productivity; mechanization has displaced some workers; and improved processes, such as Lean Six Sigma and other management methods, have increased manufacturing production, according to the study.

Since peak manufacturing employment in 1979, the United States has

## Retailers Struggle To Control Fulfillment Costs

Walmart’s recent announcement that it is testing a delivery system where its associates will deliver online orders to customers’ doors makes sense in light of a new study by Radial, in partnership with EKN Research, which finds the average cost for a company to fulfill an order is 70 percent of the average order value.

Indeed, overcoming fulfillment challenges is critical Today, more than 55 percent of consumers use multiple channels—such as online and mobile—to shop, yet more than 40 percent of retailers describe fulfillment costs as a major challenge impacting their business, according to Radial’s *Strategies for Agile, Profitable and Secure Omnichannel Execution* study.

Further, 67 percent of retail CEO survey respondents say that costs to fulfill orders have increased over the past several years, with 37 percent citing that inventory order and supply chain operations are not properly aligned, resulting in rising costs.

To marry customer expectations with back-end efficiency, retailers have adopted new tactics, including non-traditional shipping solutions such as “buy online, pick up in store” and “buy online, ship from store.”

Unfortunately, despite reducing costs slightly, complexities and hidden fees associated with process



**These retail order fulfillment models have become popular over the past few years, say retail CEO survey respondents.**

inefficiencies persist:

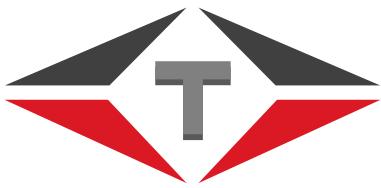
- 31 percent of retailers are challenged by split orders, where multiple products in one order must be shipped from different locations.

- 56 percent of retailers say their order management systems need to be able to process at higher volumes and velocity, and to source from a variety of channels.

- 40 percent of retailers have trouble automating order capture and processing, integrating inventory, and standardizing order management from different order types across channels.

With more than 35 percent of retailers still in the planning stages of deploying intelligent order technology, the industry is not moving quickly enough to meet demand in today’s fast-paced retail landscape.

One solution might be shifting responsibility to a fulfillment partner, the survey concludes.



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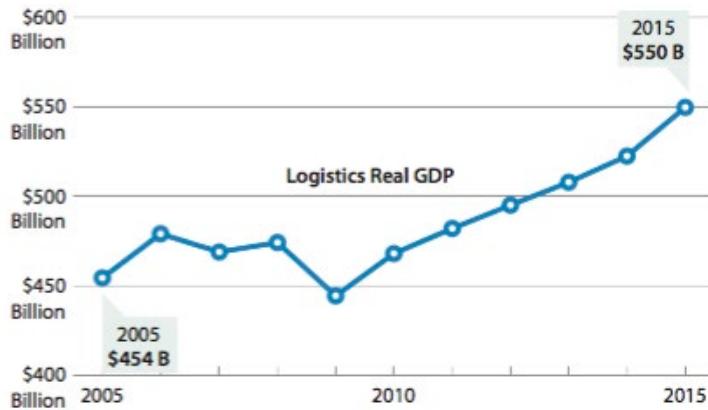
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lost approximately 7.5 million manufacturing jobs, but gained more than 9 million jobs in trade, transportation and utilities, the broadest measure of the logistics sector.

“Trade and productivity growth shifts job opportunities to other places and other sectors even as employment grows,” Hicks says. “We are at peak U.S. employment right now.”

### Logistics Real GDP (in 2017 dollars)



Source: BEA, adjusted for inflation with the GDP Deflator

Total GDP for the logistics sector saw only about half the proportional decline than manufacturing over the Great Recession. This graph illustrates the smaller dip in real GDP.

## Supply Chains Double Down on Climate Change

President Donald Trump pledged to withdraw the United States from the Paris climate accord, but stakeholders involved with the American supply chain—often supportive of the President’s business-friendly policies—aren’t so ready to fall in line this time.

Rather than push American businesses away from sustainable initiatives, many companies seem to have reaffirmed their commitments. A few examples:

■ **Walmart.** The retailer moved forward with Project Gigaton, a program that works with its global suppliers to reduce supply chain emissions by 1 billion tons before 2030.



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■ **Cargill.** “We have no intention of backing away from our efforts to address climate change in the food and agriculture supply chains around the world. In fact, this will inspire us to work even harder,” said David MacLennan, CEO of the agricultural company, in a press statement.

■ **Tyson Foods.** The global meat supplier, in collaboration with World Resources Institute, plans to develop science-based greenhouse gas reduction and water conservation targets for its entire supply chain.

■ **General Electric.** When the President announced plans to withdraw America from the Paris agreement, General Electric CEO Jeffrey Immelt tweeted: “Industry must now lead and not depend on government.”

Immelt’s tweet seems to be on point. Eighty-two percent of S&P 500



companies published sustainability reports in 2016, according to data from the G&A Institute. With so many large businesses focused on reducing their carbon footprints, it’s unlikely that a lack of commitment by the U.S. government will change much for America’s largest supply chains.

The biggest impact will be on small- and mid-sized businesses for whom emissions targets or other sustainability initiatives might be an expensive proposition. However, these companies must look at the larger picture rather than the immediate future.

“Forward-looking business leaders are guided by long-term economics, not short-term politics,” says Jason Mathers, director of supply chain for the Environmental Defense Fund. “They know that investing in corporate sustainability unleashes innovation, drives growth, and makes them more responsive to their customers, who want to conduct business with companies that are striving to cut climate pollution.”

“That’s why 96 major corporations have pledged to use 100 percent renewable energy,” he adds. “And that’s why Walmart just challenged its suppliers to cut 1 billion tons of climate emissions over the next 15 years.”

“In short, sustainability leadership provides a competitive advantage,” Mathers says. “It’s the new, smart way to do business as usual.” ■



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# GLOBAL

THE WORLD AT A GLANCE

by Jason McDowell



The *Yara Birkeland* will be the world's first fully electric and autonomous container ship, with zero emissions. Unmanned voyages are planned for 2020.

## Could Self-Driving Ships Become Reality by 2020?

“This is happening. It’s not if, it’s when. The technologies needed to make remote and autonomous ships a reality exist.”

So said Oskar Levander, vice president of innovation for Rolls Royce, at Amsterdam’s Autonomous Ship Technology Symposium in 2016. He wasn’t wrong about the technology, considering the United States and China already have unmanned naval ships patrolling the seas.

As it turns out, Rolls Royce isn’t the only company trying to bring pilotless cargo ships to market. Fast forward to one year later and multiple shipbuilders are working to turn self-piloted freighters from concept to reality. Ocean

shippers Mitsui O.S.K. Lines (MOL) and Nippon Yusen have teamed up with Japanese shipbuilder Japan Marine United, pledging to put unmanned ships on the water by 2025. MOL and Nippon Yusen agreed to split the several hundred-million-dollar development cost.

Meanwhile, in the Land Down Under, Australian mining company BHP Billiton Limited wants to develop cargo ships of its own to haul dry bulk materials between Australia and China.

“Safe and efficient autonomous vessels carrying BHP cargo, powered by BHP gas, is our vision for the future of dry bulk shipping,” said Rashpal Bhatti, BHP’s vice president of freight,

in an announcement on the company’s website. “We believe that future could manifest within a decade.”

While BHP continues its search for partners to develop its own self-driving ships, Norwegian maritime technology firm Kongsberg Gruppen plans to begin testing its fully electric autonomous ship next year. The tech company partnered with fertilizer manufacturer Yara International to build the *Yara Birkeland* and get it on the water with a test crew by 2018, with unmanned voyages planned as soon as 2020.

“By moving container transport from land to sea, *Yara Birkeland* is the start of a major contribution to fulfilling national and international

environmental impact goals. The new concept is also a giant step forward toward increased seaborne transportation in general,” says Geir Håøy, president and CEO of Kongsberg, in a public statement. The *Yara Birkeland*

will haul fertilizer up and down the Norwegian coast.

With so many trying to put ships in the water, it will be only a matter of time before we see autonomous vessels in common use. Ships driven by artificial

intelligence and tracked using the Internet of Things could be the answer to many problems, such as lowering greenhouse gas emissions, reducing accidents at sea, and lowering operating costs for ocean shippers.

## Global Supply Chain Suffers Disruptions Amid Diplomatic Crisis

Disagreements in the Middle East left the supply chain reeling as Saudi Arabia, Egypt, United Arab Emirates (UAE), Bahrain, Libya, and Yemen cut political and business ties with Qatar and accused the small Middle Eastern nation of supporting radical Islamic terrorism in the region.

As part of efforts to sever contact, the countries shut down air, land, and sea routes, leaving only narrow air and sea passages in and out of the country, and

making journeys by land impossible.

Doha, Qatar’s capital city, is a major hub for freight moving between the Middle East and Asia. As such, transportation and logistics providers have been forced to reevaluate the way they move cargo in the region.

Port operator DP World, for example, closed all its ports to Qatari-flagged vessels, and the world’s largest ocean shipper, Maersk Line, announced in a public statement that the turmoil left

it unable to move shipments in and out of Qatar. “We expect disruptions to our Qatar services. The situation is very fluid,” a Maersk spokesperson told Reuters.

Airlines also face obstacles, because most of the airspace surrounding Qatar is controlled by its neighbors. Flights in and out of Doha face bans or severe strict restrictions for at least the near future.

*Inbound Logistics* reached out to UAE-based cargo airline Emirates SkyCargo for a comment, and received the following statement: “As instructed by the UAE government, Emirates has suspended its flights to and from Doha, starting from the morning of June 6, 2017, until further notice. Customers who have booked cargo through Emirates SkyCargo to Qatar should contact their local Emirates SkyCargo office for alternative arrangements.”

Without knowing when or how the situation will resolve, long-term supply chain effects remain difficult to predict. The disruption for ocean shippers has mainly been limited to container shipments. Qatar is the world’s largest exporter of liquefied natural gas, but as long as Egypt doesn’t close the Suez Canal to Qatar-flagged traffic, tanker shipments should continue to flow.

Any air or road trade in and out of Qatar will face extreme restrictions for the foreseeable future, so shippers must plan accordingly.

**Emirates, Etihad, Saudia, Gulf Airways, flyDubai and Air Arabia suspended all flights to and from Doha “as instructed by the UAE government,” disrupting many global supply chains.**



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## U.S. Online Shoppers Click With International Retailers

Nearly half of avid U.S. online shoppers bought items from international retailers, demonstrating the need for retailers to offer more personalized services as a way to compete against lower prices, according to UPS' sixth annual *Pulse of the Online Shopper* study.

Almost all avid U.S. online shoppers (97 percent), made purchases on marketplaces, up 12 points from 2016. Eighty-one percent cite price as the most important factor when searching for and selecting products online, the study finds.

According to respondents who purchased from an international retailer, 43 percent were driven by lower prices on U.S. marketplaces and 36 percent

Made online purchase from international retailer



61%

OF THESE CONSUMERS HAVE PURCHASED FROM A RETAILER IN CHINA



Top reasons to shop from international retailers



**Global retailers are attracting business from U.S. shoppers looking for lower prices, according to a new UPS study. To compete, U.S. retailers must offer more personalized services, including improving the consumer experience at the physical store.**

wanted unique products not found from U.S. retailers (see chart above).

“The lines that separate domestic and international retailers continue to disappear,” says Alan Gershenhorn, chief

commercial officer for UPS. “Retailers are now competing across the globe. In order to win, retailers can distinguish themselves by providing value through personalized experiences.”

## Global Business Leaders Feel Effects of a Riskier World

Nearly three quarters (72 percent) of business leaders in companies in Canada and around the world say their companies are increasingly impacted by risk and they believe we are living in a riskier world.

That’s according to the *BDO Global Risk Landscape Report*, which surveyed 500 C-suite leaders, board and audit committee members from all major industries in 55 countries to determine what they consider the biggest risks facing their businesses, now and into the future.

The leaders cite disruptive technologies, cybersecurity threats, and reputational risks as the main challenges likely to test companies in the coming years. There was a significant reduction, however, in overall risk perception compared to BDO’s 2016 survey, where 87 percent of global business leaders said they felt the world was a riskier place.

Nine years after the height of the global financial crisis, many business leaders remain deeply concerned about their ability to adapt to growing compliance pressures. With regulators continually addressing a number of issues, 85 percent of leaders identify regulatory risk as the biggest risk their businesses are not prepared to handle.

Technology represents a double-edged sword in today’s marketplace, and perspectives on its benefits largely

depend on whether an organization is able to leverage new production methods, regulation, and disruption to its advantage. Uncertainty lies ahead for 88 percent of CEO respondents, who say their organization’s inability to embrace innovation and technological change represents the greatest risk.

In an era where high-profile data breaches continually make headlines, cyber breaches remain top of mind for many CEOs; 75 percent report cyber exposure as their main concern.

Not only are cyber breaches costly—research by IBM and the Ponemon Institute finds the average cost rose to \$4 million in 2016—the long-term reputational impacts can be devastating to a company.

“We’re operating in an increasingly interconnected world where risk is unavoidable, but not unmanageable,” says David Prime, BDO national risk and advisory services partner. “There are a number of ways companies can manage these identified risks, but it’s vital they take a proactive approach.”

Overall, the global stage reflects more similarities than differences when it comes to risk perception. Companies will need to take a multi-faceted, agile approach in their search for resilient risk management policies.

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Personalized experiences include the physical store. Many online shoppers find stores important to touch and feel products (59 percent), solve immediate problems (54 percent), receive superior customer service (52 percent), and participate in rewards/loyalty programs (52 percent).

Half of shoppers have used ship-to-store in 2017, of whom 44 percent made additional purchases in store, and 41 percent plan to use ship-to store more often next year.

The use of smartphones continues to be an increasingly important part of the shopping experience online and in physical stores. Eight in 10 online shoppers use retailer apps, often preferring apps to websites because of faster speed and a better user experience.

The convenience factor is key as “on the go” mobile shoppers seek efficiency at every turn. Mobile coupons (50 percent) and high-quality product images (50 percent) are two of the most important app features.

“Online shoppers are able to shop the world’s boutiques and bazaars with ease,” says Gershenthorn. “We’re witnessing a glimpse of the future, when retailers and their customers will be defined less by geographic location and more by how they connect with each other. The challenge is to best provide shoppers with the choice, control, and convenience they desire.”

Global cross-border e-commerce is projected to grow at an average of 22 percent from 2015 to 2020 compared to 15 percent for U.S. e-commerce during the same time period, according to eMarketer.

The top considerations that online shoppers make when purchasing from international retailers include:

- Clearly stating the order’s total cost, including duties and fees (77 percent).
- Stating all prices in the shopper’s native currency (76 percent).
- The retailer being reputable (74 percent).
- Reasonable delivery speed (66 percent).

Of the 47 percent of U.S. consumers who purchased from an international retailer on a U.S. online marketplace, the majority of these retailers are based in China (61 percent), the U.K. (23 percent), Canada (15 percent), and Japan (14 percent).

UPS recently announced a joint venture with S.F. Holding, the parent company of China’s market-leading express delivery company SF Express. The two companies will develop shipping products designed to help Chinese companies gain greater access to the U.S. market. China is now the biggest e-commerce market in the world with approximately \$900 billion USD in 2016 sales, accounting for nearly half of all digital retail sales worldwide, according to eMarketer. ■



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## Optimizing Inbound Freight Beyond the Shipment Level

In this era of omni-channel fulfillment, supply chain visibility is more important than ever. Yet many shippers are still in the dark when it comes to visibility to a significant portion of their supply chain cost: their inbound freight spend.

Many inbound shipments are supplier-controlled with prepaid terms in which suppliers are adding in the freight charges to the product cost. This leaves the shipper with no visibility to their actual inbound freight spend. As a result, shippers are paying for this lack of visibility in the form of higher total cost.

### The Markup Issue

Inefficiencies in supplier transportation management can be hidden in the product cost. Some vendors manage their outbound freight as a profit center, adding an additional 10%-15% or more to their freight costs, and passing it on to customers via prepaid and add terms.

Eliminating this markup produces immediate cost savings. Gartner research shows that when inbound freight is shipper-controlled and actively managed, companies see 4%-8% savings compared to supplier-controlled with freight included as part of the product cost.

### You've Taken Control of Your Inbound, but Here's What You Are Missing

The majority of shippers that do manage to wrestle freight control away from their suppliers proceed to manage it at the shipment level, focusing on moving shipments from point A to point B. This activity is primarily operational and tactical in nature, affecting only 20% of inbound supply chain costs. Additionally, when inbound freight is only managed at the shipment level, shippers often have difficulty connecting shipment-level visibility back to the PO level. The process is manual and reactive, and significantly reduces responsiveness when issues such as shipment delays occur. Connecting shipment-level visibility back to the PO level will unlock the true savings potential within your supply chain.

Integrated PO vendor management systems and

processes can provide seamless end-to-end PO-level visibility without having to manually connect the dots between shipment and PO level.

Supplier compliance is another component that is often overlooked when shippers manage inbound freight at the shipment level. When suppliers fail to follow the established processes, it can have devastating ripple effects downstream throughout the supply chain. For example, if a supplier ships product from a different location than the shipping master in SAP, transit issues, cost differences, additional CS activity and payment issues can occur.

A PO vendor management system should include comprehensive, systemic PO order confirmation to confirm information such as shipping location prior to these issues occurring. Comprehensive supplier scorecards measure and provide visibility to supplier performance and enable the implementation of supplier compliance programs that incentivize supplier performance and enable better supplier of choice decisions.

### Unlocking Your Supply Chain's Full Savings Potential

In order to gain true end-to-end supply chain visibility and unlock the full potential for strategic savings opportunities, shippers must get beyond the shipment level to the PO level. This will be achieved by utilizing an integrated PO vendor management system and comprehensive supplier compliance program in conjunction with their inbound freight management.

Beyond increased visibility, the benefits include improved vendor management and compliance, reduced labor and overtime cost, reduced inventory cost, reduced payment issues related to supplier non-compliance, cost control enablement and visibility to cost of goods, reduced capital expenditures and improved on-time performance.

Contact a logistics expert at Schneider to discuss what an integrated PO vendor management system should provide for your company to see the best results possible.

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## An Open Letter to Ocean Shippers

**T**he bankruptcy filing of Hanjin was news that shook the world of logistics, and yet, at the same time, it was fully expected. The news was a wake-up call for shipping companies and their customers that drastic shocks to the supply chain still exist.

Since the hit of the financial crisis in 2009, where operating losses in the industry reached nearly \$20 billion, there has been a severe mismatch between demand and carriers, with the supply growing at a much faster rate than the demand. It was common knowledge in the industry that consistent overcapacity in the ocean freight market was not a sustainable business model for any company. However, major container lines continued to receive government support, perpetuating the belief that the major carriers could survive and weather the storm of depressed rates and overcapacity. Now, with Hanjin going through the bankruptcy process, the bubble of safety and consistency in the market has burst for everyone.

With this in mind, the only alternative to further bankruptcies amongst the carriers is consolidation, which is much more stable for the industry as a whole. Thankfully there are two areas where we are seeing consolidations: mergers and alliances. In the past year, according to the latest Loadstar stats, the number of container lines with an operating capacity of over 200,000 TEU has been reduced to 17 from 20. This number is expected to reduce further as the industry consolidates.

The announcement that the Japanese carriers would end decades of rivalry and create a merger of the K-Line, MOL and NYK lines (Japanese 3 or J3 carriers) under a joint venture arrangement, starting in April 2018 and effectively becoming the sixth largest shipping company worldwide, was welcome news to the industry. So that they don't succumb to the same fate as Hanjin, the Japanese carriers seek government aid and reduced tax rates after the three carriers recorded a combined net loss of \$484 million, with revenue declines of over 20% in 2016. This year will also see the completion of the acquisition of Hamburg Süd by Maersk and the finalization of the Hapag-Lloyd merger with

UASC, which will continue to reduce the number of carrier options in the marketplace.

In addition, the alliances continue their re-shuffling, although at a slower pace, giving shippers a sign that the alliances are becoming more stable, as a result of forming alliances amongst themselves. Effective from this April, the three alliances (2M, Ocean and THE Alliance) will control 91% of the vessel capacity in the trans-Pacific, and in a bid to work towards matching supply and demand, effectively cover all global trade.

### How Are Shippers to React?

The best way for shippers of all sizes to mitigate risk is to work with an NVOCC/Freight Forwarder (non-vessel operating common carrier) that has the technology, service capabilities, experience and network to help spread bookings safely among the carriers, offering door-to-door service at competitive pricing and providing better technology solutions and data integration than the carriers alone offer. Having full scale visibility throughout the entire shipping process allows customers to know where their product is at all times, and more importantly, to have a reliable contingency plan in place for every stage of the process, should a disruption – whether by natural causes or geopolitics – occur.

With increasing cost pressures and staffing cuts at the lines over the past five years, NVOs like SEKO have evolved from fundamental booking and documentation agents for their clients to become the full-service customer service arm of the collective ocean carrier base. By offering a plethora of value-added services, NVOs have successfully filled the void remaining as carrier focus has shifted to management of their assets. The NVO value-adds include automated shipment visibility solutions, P.O. Management, drayage in addition to providing the essential documentation, booking, rate solutions and compliance management. We can both mitigate the increased risk in the market while at the same time we can provide more end-to-end services, visibility, and more attention.



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## Need Flexibility? Seek Out Full-Service 3PLs

**T**he retail and supply chain worlds have changed—and are changing—rapidly. Soaring end-user consumer demand for same-day delivery of goods and companies' desire for increased visibility of their supply chains are two instrumental factors in the ever-morphing industrial real estate industry. Companies want and need instant, flexible warehousing options with skilled, efficient labor to handle and ship their products. Despite newcomers to the market, third-party logistics providers with years of experience and myriad service offerings, like distribution, fulfillment, storage, transload, technology and import/export services, can diversify easily.

Specifically, flexible warehousing is all the buzz right now in the warehousing industry, as e-commerce companies and retailers flock to store high-turnover product in spaces for short periods of time. However, despite its new name, "flex warehousing" or "spot warehousing" has existed in the logistics industry for a long time. It simply went by different names. "Public warehousing," "multi-client space" or "public space" all refer to what clients now know as "flex warehousing."

This type of warehouse space allows for many clients' products to be received, handled, stored, and shipped out in a flexible environment, as opposed to dedicated space and labor reserved for only one contract client at a time.

### The Inside Scoop on Flex Warehousing

Currently known as the Uber of warehousing, the Seattle, Washington-based Flexe warehousing and fulfillment company recently launched next-day ground delivery service, in addition to its on-demand storage, shipping and delivery services. Describing itself as a supply chain software company, Flexe does not own or operate any warehouse or industrial real estate space. Instead, it builds, executes and maintains software that is then housed within contracted warehouse space around the country. Tenants who need quick space can turn to Flexe to store their goods for the short amount of time needed.

The downside of flex warehousing is the lack of dedicated labor to handle certain, highly sensitive products, such as chemicals, perishable foods and large, easily damaged goods. Seeking out a third-party logistics provider with its own dedicated workforce, as well as a robust and flexible Warehouse Management System software and RFgen scanning capabilities, is still a company's best option for handling and storing sensitive goods. Logistics services like RF scanning and an Oracle-

powered WMS can work in tandem with highly trained, safety-minded material handlers' skillsets to ensure clients' needs are met. 3PLs with transportation assets—even a small fleet of trucks—have another leg up on their clients' need for speed. Even better, a 3PL with logistics software, like its own Transportation Management System and/or B2B systems integration software, can easily fulfill the needs of a short-term client.

### Current 3PLs Already Meeting the Need

3PLs with a focus on logistics management can rest assured that they are competing capably against the new kid on the block. By quickly adapting to various industries and commodities, and responding to client requests with urgency and an extremely high level of customer service quality, a strong 3PL will find it can outlast even the most convenient warehousing options of the 21st century.

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## Sweep the Dock for E-Commerce Insight

**A**n e-commerce epiphany is speeding through the global supply chain from the shipping dock to the boardroom. Consumers have seized control of logistics spending, and “supply chain as we’ve known it” is not coming back. According to the 28th Annual CSCMP State of Logistics Report, “Accelerating into Uncertainty,” for the first time, parcel and express delivery volume has surpassed railroads as the second-largest logistics sector behind motor freight. Energy prices are no longer the number one factor in logistics costs. Consumers are the driving force. While logistics costs dipped in 2016, spending on small package delivery jumped double digits.

As consumers, B2C and B2B players flock to the convenience of online buying and selling, the magnitude of change and complexity fueled by e-commerce is amplified by advanced digital technology, the Internet of Things and artificial intelligence. Seeing this moment in history prompts a sudden leap of understanding. North American companies must reinvent a faster, smarter, more resilient and efficient breed of multi-modal supply chain to sustain business in an e-commerce civilization. To evolve, forward-thinking shippers are turning to an Enterprise Logistics partner to Sweep the Dock.

Sweep the Dock is a best practice for evaluating, integrating and optimizing channels and modes such as Parcel, Less-than-Truckload and Truckload shipping to continuously deliver next generation supply chain agility at the same velocity that is driving e-commerce and the digital revolution. Manufacturers, retailers and distributors from mid-cap to Fortune 100 companies discover powerful synergies:

- Achieve exponential insight with advanced multi-modal analytics
- Execute with robust multi-modal platforms, automation, technology
- Re-engineer networks with unparalleled all mode visibility, modeling, simulation
- Strategize, hone KPIs with insider advisory possessing deep domain expertise in Parcel, LTL, TL
- Deliver clear data streams with rigorous compliance, service and invoice audits, all modes
- Accelerate connectivity speed to customers and suppliers for faster delivery
- Leverage immediacy with on-demand, web-based, mobile BI portals

To Sweep the Dock is to operate within an integrated ecoscape where shippers leverage class-leading, rapidly

deployable technologies to obtain port-to-door line of sight and multi-modal optimization. That insight drives continuous high velocity transformational change. Sweep the Dock starts with veteran supply chain engineers who do the following:

- Conduct a supply chain forensics evaluation with multi-modal diagnostics
- Align business needs with supply chain strategy to accelerate growth
- Simulate and map small package, LTL and TL solutions for speed, flexibility, efficiency
- Provide insight to cost drivers, risk through independent validation and verification
- Identify cost-reduction and savings opportunities by aligning to carrier networks
- Re-engineer processes, reconfigure routes
- Consider regional DCs closer to customer

The cascading impact of e-commerce coupled with rapid, market changes has shifted focus for many shippers from cost-per-mile to sustainability, change management and multi-modal expertise to reduce overall supply chain cost. Consultative services add value as executives ask:

- What does good omni-channel shipping look like?
- Is this optimal last-mile delivery?
- What is best practice to enhance fulfillment capabilities and grow into new markets?
- Can LEAN help fund same-day delivery, free shipping and returns?
- What are considerations regarding zone skipping, cadence analysis, DC footprint reduction, small package to hundredweight (CWT) conversion?

With a new era of multi-modal insight and a digital supply chain poised to operationally pivot, companies can leverage an Enterprise Logistics partnership to co-innovate predictive, strategic solutions. Shippers keep an e-commerce edge, while managing disruptions and delivering profitable, five-star customer service. By tapping collective, multi-modal intellectual capital of leading industry pioneers, shippers can transform the supply chain with a sweep of the dock.

**Todd Bengé is VP of Parcel Operations at Transportation Insight, an Enterprise Logistics Provider and U.S. SmartWay® Excellence Awardee. With 30 years experience developing parcel programs, Bengé and his team of engineers provide the most extensive multi-modal, e-commerce expertise in the global 3PL marketplace. Visit [www.transportationinsight.com](http://www.transportationinsight.com), email [info@transportationinsight.com](mailto:info@transportationinsight.com) or call 828-485-5000.**

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# LOGISTICS knowledgebase®

Krista Browning, Marketing Director, RPM  
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## The Power of Transparency: Technology and Your Supply Chain

In a world driven by new technology, industries are finding ways to work faster and smarter. Tech breakthroughs have provided businesses with new processes and improved systems that have helped to maintain or increase efficiency in one way or another. It's time to see these same improvements in supply chain management.

The transportation industry has been slower to evolve, but if you can order, track and deliver a pizza, you can do the same with a truck full of your precious commodities.

The transportation industry has tried and tested various technologies, many of which can't do everything that logistics professionals and their team need them to do. Some are data management systems, some are tracking systems, some provide communications solutions – but one can't do what the other can.

Solving industry issues starts with technology. However, that technology should provide transparency, visibility and flexibility for all parties involved – a level of communication that has never been seen in the industry.

Whether you are having issues tracking shipments, or communicating with your staff, the technology or software used to operate your supply chain should solve a problem. The process and software should allow you to see everything in real-time, allowing you to make sound decisions that directly affect your KPIs.

It should also be a system that can flex to the needs of your business—a flexible solution that provides organizational capacity in the face of rapid change. The right technology has the ability to flex up or down, while pulling in the appropriate resources and business processes needed to support change.

In addition to transparency and flexibility, a system must

have operational visibility along a broad spectrum, with real-time updates and solutions. An operationally millennial-centric platform with generation X reporting and BI tools means all parties tied to a shipment are in the know, and have the ability to review the right analytics to make the best well-informed decisions.

For example, the shipper can receive real-time shipment updates and billing visibility, a carrier receives both broker and shipper communications, automatic GPS updates and a tool for documentation management, and a transportation broker has a platform to successfully coordinate a shipment while satisfying all shipper and carrier requirements.

RPM has launched a technology platform that provides flexibility, ease of use, integration options, data management options – but most notably, transparency. It's a word used a lot in the industry, but never seen before. In all processes, from raw material suppliers to end customers, the end-to-end supply chain view is the basis to initiate optimizations through the entire supply chain.

With this system, we can promise complete transparency—end-to-end. Driving efficiencies to our customer's supply chain, adding dollars to your bottom-line, and revolutionizing the way you interact with your supply chain.

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## Why GRIs From LTL Carriers May Not Be So General This Year

**L**ess-than-truckload (LTL) carriers have reported challenged earnings for quite some time now. Capacity has generally been pretty loose, service levels have been generally pretty high, and prices have generally stayed pretty competitive across the industry—all creating an advantage for shippers.

This all may be changing. Many LTL carriers are signaling some strain in their networks and they are citing increased volumes due to a strengthening economy. This is leading to much higher rate increases for shippers this year as compared to recent years. Some carriers are imposing multiple general rate increases (GRIs) this year to shippers. The tables are turning in favor of the carriers and they know it. With volumes outpacing capacity, carriers are taking advantage of the situation to reset profit levels to a place many LTL carriers haven't seen in several years.

This is where a good 3PL can come in. A 3PL can help position your freight with the right carrier solution at the right time given the characteristics of your freight and the situation within carrier networks in that lane at that time to get you the best service and the best price. They can do this if they are dedicated to understanding carrier networks and truly partnering with each carrier to understand the needs of the carrier.

A good 3PL can actually help carriers balance their networks instead of worsening an imbalanced network. By helping carriers to continually balance their networks, some 3PLs are able to grow strong partnerships with carriers and smooth the waves when it comes to rate increases.

When looking for a partner to help you with your LTL spend, do you focus solely on price? Or, do you ask the tough questions about the partnerships that the 3PL has with the LTL carriers? If you are seeking a long-term 3PL partner to help you ride the wave that is here in the LTL market, make sure you are asking how they adjust for strained areas in carrier networks, how and why they recommend certain carriers in certain lanes, and if they have the capabilities to do this automatically in their Transportation Management System (TMS).

Partnering with a 3PL who employs a strategy to ensure that the carrier and customer are both taken care of is the most sustainable solution for the long-term.



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## VIEWPOINT

BY ROBERT HOOPER

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# The Autonomous Vehicle Revolution Is Here: Are You Ready?

**S**elf-driving or autonomous vehicles are progressing quickly past the testing phase. This technology is a world-changing innovation—a revolution well underway—that may surpass the discovery of electricity and the invention of the automobile.

What sets this revolution apart is how technologies will combine to help save lives, money, time, and resources. It could mean a near end to human-caused accidents and could single-handedly eliminate the driver shortage problem. Because 94 percent of traffic accidents are attributed to human error, autonomous vehicles will be much safer than cars driven by humans.

### Phases of the Revolution

This revolution will come in five phases:

**Phase 1** autonomy comes in the form of auto-braking or cruise control. Studies show vehicles equipped with brake warning systems and auto-braking reduced rear-end crashes with injuries by 40 percent.

**Phase 2** considers function-specific full automation, which includes tasks such as self-parking. Many premium automobile brands already have some form of parking assist.

**Phase 3** brings us to function

specific/full-awareness automation. Here, vehicles are “aware” of the environment, but the driver can take back control at any moment. These vehicles anticipate and react to potential problems. This technology is already available to the consumer.

**Phase 4** is environment-specific full automation, where the driver no longer needs to constantly monitor driving under certain conditions. This is best applied to highway driving where you can drive “on autopilot” for longer distances.

**Phase 5** achieves full automation. A vehicle is able to drive in all conditions, environments, and situations without driver intervention.

### Trucking Applications

While automation for the consumer market is moving forward quickly, potentially greater opportunities lie with commercial vehicles. Automation will impact driver costs, retention, and job satisfaction, as well as reduce liability and safety risks.

Trucking automation starts with adopting lower-level autonomous features such as crash avoidance technologies. Platooning, or “drafting” of several tractor-trailers together is next, traveling a mere 40 feet apart. The trailing truck still maintains full attention and steers the tractor, but the trailing vehicle brakes simultaneously with the lead vehicle, reducing drag and fuel consumption.

Companies can cut shipping costs by saving drivers’ per-mile pay. Except during servicing, trucks will be available for use 24 hours a day, enhancing carriers’ ROI. Fuel savings from more perfect driving, as well as a lack of idling at truck stops, will also result.

The effects of automation will cross into the job market. Hundreds of thousands of drivers will eventually be replaced. Because fewer crashes will occur, we will need fewer police, EMTs, ambulance drivers, trauma unit nurses and doctors, tow trucks, and repair shops. We will even need fewer insurance workers and lawyers.

With the advent of automated vehicles, shippers can expect major advantages, as well as major workforce changes, that will affect personal lives and the economy. We need to start preparing now. ■

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## TRADE COMPLIANCE STRATEGIST

BY GABRIELLE GRIFFITH

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# Leverage Your Freight Forwarder To Boost Your Compliance Program

In trade compliance, we find ourselves needing to overhaul or develop trade compliance controls within our company, often alone. Executing a classification/licensing process, recordkeeping methodology, auditing calendar, or automation solution can be overwhelming.

Whether you are in the position of establishing trade compliance controls, or looking to strengthen an existing compliance program, don't overlook your freight forwarder as a way to supplement your internal controls.

From a compliance perspective, consider these four core elements when assessing and establishing your partnership:

**1. Put procedures in place.** Develop standard operating procedures (SOPs) that are to scale with your business and your needs. Large companies do not necessarily need a large freight forwarder. Identify whether your freight forwarder supports your industry, review other clients, and ask questions.

To establish a solid foundation with your freight forwarder allies:

- Define SOP expectations early in the relationship.
- Review performance regularly.

- Treat the standard operating procedures as a living document and update as needed.

**2. Communicate often.** Ongoing communication is key to managing a strong relationship with your freight forwarder. Address:

- **New products and product changes.** Communicate all new products and any existing product changes to your freight forwarder. Do not assume a part was changed in such a minor way it may not merit an update.

- **Communication methods.** Define how communication will take place. How are you relaying new products and any product changes to your freight forwarder? Will your company use an FTP site or an automated email alias?

**3. Maintain records.** Importers and exporters have a regulatory obligation to retain records for specific

time periods. Define recordkeeping expectations within the SOP, and remember to consider:

- **Filing records.** Is your freight forwarder filing exports on your behalf? Establish an FTP or auto email alias so filings are automatically transmitted to your company.

- **Periodic assessments.** If you establish an automatic file-share of records, check the correct documentation is being sent and that the data transmitted is accurate.

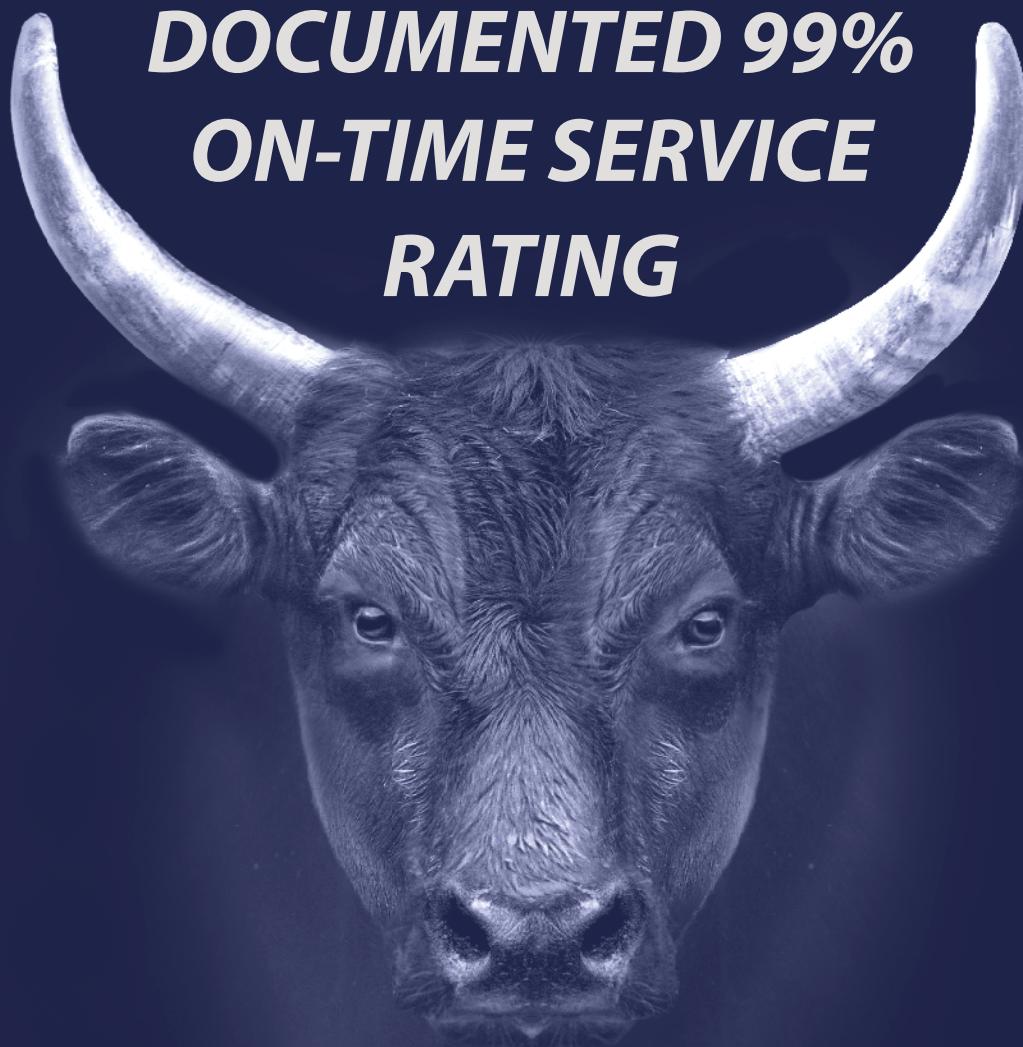
**4. Develop safety nets.** Leverage any tools your forwarders might offer to supplement your program, such as:

- **Antidumping/countervailing flags.** Cases and scopes of antidumping and countervailing fluctuate constantly. Does your forwarder have tools that capture these changes and could flag your product if it falls subject?

- **Country research functionality.** Can your forwarder provide resources to help you understand import/export restrictions within foreign countries?

Ultimately, compliance is your responsibility. You can, however, select allies wisely to support your internal controls. Don't overlook your freight forwarder as an asset. ■

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## [ REVERSE LOGISTICS ]

BY MICHAEL GOOD

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# 5 Steps to Preventing Brand Damage When Your Product Fails

**A** poorly handled product recall can devastate your company's reputation, market share, and bottom line. With proper planning and systems in place, however, companies can effectively manage recalls to mitigate risk, as well as prevent brand damage.

The key is not to think of a product recall as a singular event, but rather as a cycle or series of inter-related events that should be planned for. The events that comprise a total recall can be broken into a five-step methodology for more effective planning and execution.

**1. The need for a plan.** Before a recall event occurs, it is crucial to develop a recall plan. Having a robust plan will ensure the response is as efficient as possible.

Developing a recall plan forces a company to consider every step in the recall process, including notification, retrieval, processing, and reporting. Companies should make sure their recall plan clearly defines the roles and responsibilities of each member of the recall management team.

**2. Notification and response.** Mismanaging notification and response can jeopardize health and safety, ratchet up consumer anxiety,

and increase legal liability. Lines of communication must be open at all times. Messaging must be clear and consistent, and demonstrate concern.

With the right planning in place, a recall can be up and running in 24 hours—with all the communications requirements such as contact center operations, confidential data registries, traceable direct deliveries, safety alerts, and web-based tools that help customers access the information they need to stay safe.

**3. Recall retrieval.** Removing affected product from store shelves, the supply chain, and even directly from consumers' homes is a detailed task, and most companies lack an effective method for completing it. In some cases, entire product lines may be pulled out of an abundance of caution, unnecessarily raising the manufacturer's recall costs.

In-person effectiveness checks at smaller volume stores and

distribution centers can help ensure recalled products—and only recalled products—are off the shelves.

**4. Processing and disposal.** Strict regulatory statutes govern the complex undertaking of removing, processing, storing, and destroying recalled products. This process requires a pre-planned infrastructure with top-notch security, complete return integrity, and the surge capacity to handle the influx of product.

Data visibility for labeling and tracking products through the recall lifecycle is also critical for this step.

**5. Sustainability.** Companies must destroy and dispose of recalled products in a way that protects the environment. Sustainable recall best practices designed for minimal environmental impact can reduce costs and generate goodwill.

It is important to identify alternative options for recycling or end-of-life product optimization of products that would otherwise be disposed of.

Companies that are prepared to address these five steps when managing a recall ensure their brand reputation is ultimately strengthened—as opposed to irreparably damaged—by the event. ■



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## GREEN LANDSCAPE

BY HENRY CANITZ

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# How to Grow a Green Supply Chain

**S**ustainability impacts everything from how companies approach product design all the way through to customer delivery. In today's competitive environment, sustainability must improve profitability and reduce risk.

An industry standard for what constitutes a sustainable supply chain does not exist. Is being eco-friendly in transportation or manufacturing enough to qualify your company as green? As with many areas of supply chain management, what is considered a standard practice depends on the industry and markets you operate in and your customers' expectations.

Most experts agree that building a green supply chain is similar to implementing Lean or Six Sigma strategies; it is a journey, not a destination. It is important to begin the journey by selecting an area with a high probability of achieving a positive impact.

### Set Sustainability Goals

Greening an entire supply chain requires a long-term commitment. Envisioning the future state is important, but most companies start with a more manageable goal. They focus their initial greening efforts on one or two processes to start the journey toward that future vision. For

example, a company might start its greening journey by:

- Improving its ability to predict customer demand.
- Reducing energy consumption through more efficient manufacturing methods.
- Minimizing inbound and outbound transportation miles.
- Decreasing inventory levels to reduce warehouse energy usage.

Some of the biggest improvements in sustainability and cost reductions can come from enhancing forecast accuracy. The accuracy of your demand plan has a ripple effect throughout the supply chain.

Improving forecast accuracy enables more efficient and green purchasing, manufacturing, inventory deployment, and inbound and outbound transportation—areas that account for a majority of a company's environmental impact.

Advanced transportation management also can have a big impact on sustainability through transportation mode and route

optimization. For many companies, transportation accounts for a high percentage of both supply chain cost and environmental impact.

Optimizing where and how much inventory is stored can lead to large warehouse space reductions. Multi-echelon inventory optimization enables a company to minimize total systematic inventory (raw, WIP, finished goods) across multiple channels while ensuring it meets customer service goals.

Often, one of the largest costs and corresponding energy consumption areas of bringing a product to market is manufacturing. Manufacturing planning and scheduling can help you determine where products should be built, and in what sequence, to optimize manufacturing efficiencies, thus minimizing costs and the environmental impact of production.

### Steps Toward Optimization

Building a green supply chain involves making trade-offs between minimizing your supply chain environmental impact and other business objectives including agility, efficiency, profitability, and customer service. Building a sustainable supply chain is necessary to optimize your extended supply chain. ■

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## [ RISKS & REWARDS ]

BY MATT EMISON

Senior Vice President of Sales, Ryan Transportation Service, Inc.  
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# 5 Ways to Protect Your High-Value Cargo

**Y**ou should take every step possible to make sure your cargo is protected, especially if your company is shipping a load valued at \$100,000 or more.

Here are five ways to greatly reduce the risk of losing hundreds of thousands of dollars from a failed shipment.

**1. Check insurance coverage.** First, know the value of your shipment. Generally, anything worth more than \$100,000 is high value. Then, you need to understand the extent of your carrier's liability coverage.

If you move a \$500,000 piece of construction equipment and the carrier's liability policy covers only \$300,000, you could be liable for that shortfall.

Insurers of trucking companies also limit coverage by adding exclusions to their policies. As a shipper, it's important to understand exclusions. An all-risk shipper's interest policy can cover any insurance gaps in a shipment without the need for the shipper to prove liability.

In many cases, the carrier's insurance or property insurance policy is sufficient to protect from potential loss. However, it's crucial to know how much coverage is provided and what your possible exposure would be.

**2. Use only reputable carriers.**

When working with a brokerage or a carrier, understand the process they have in place for selecting the best possible drivers and equipment. What are the broker's requirements for carrier safety scores and insurance coverage? Is the trucking fleet or owner-operator familiar with your industry and have they moved similar shipments before?

Having a vetting process in place can help you find the best possible trucks and drivers, and ensure safe, timely shipments.

**3. Know the load requirements.**

High-value loads often involve moving oversized or over-dimensional equipment. That means you may need to secure government permits and escorts to move the shipment properly.

Big shipments also require a lot of pre-planning: How many trucks are needed? What is the best route? When can heavy traffic be avoided? Working out the details of every shipment will help protect your cargo and avoid the chance of a driver or dock

worker making a decision that could cost your company more money.

**4. Take extra steps to reduce risks.** Unfortunately, cargo theft is on the rise and has become increasingly sophisticated. Make sure the carrier you work with uses sealed and enclosed trailers, and that any valuable materials on a flatbed are shrink-wrapped.

If your shipment is going to be parked for a significant length of time, make sure the carrier uses facilities that have 24-hour surveillance cameras. If you are shipping used equipment, be sure to conduct a pre-trip inspection, as any damage to used equipment during a shipment is hard to prove.

**5. Work with a transportation partner.** Transporting high-value freight is often complex and involves many different functions. A third-party logistics or transportation management company can serve as an all-in-one resource for procuring the carrier, helping with insurance, planning the route, and keeping deliveries on schedule.

Enlisting a transportation provider can save your company time and resources, while reducing the risk of something going wrong with your shipment. ■

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## [ SMART MOVES ]

BY KEN FONG

Senior Global Logistics Manager, Flexport  
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# Why Aren't There More Veterans in Logistics?

**A**pproximately 200,000 people transition out of the military each year. Reintegrating into the civilian workforce can be a challenging experience. While many of their skills directly apply to a career in logistics, veterans remain a largely untapped resource for this field.

Every position in every branch of the military—from weapons deployment, to combat training, to transportation—deals with logistics on some level. Most service members have firsthand experience with global trade and logistics operations because of wide-ranging roles in the military.

However, LinkedIn's 2016 *Veteran Insights Report* found that veterans over-index in operations job functions, indicating they overwhelmingly end up in operations-related positions. Why aren't there more veterans in logistics?

### Making the Connection

Most veterans don't think about pursuing a career in logistics, even though military work is full of day-to-day logistics operations. During my last deployment for the Marines, I was responsible for the movements of an entire battalion—1,000 people, 52 military working dogs, and all our gear, food, and intelligence.

Military work also requires familiarity with trade and knowledge of different countries' government policies. Today, I work with an ex-Coast Guard service member whose day-to-day duties

consisted of navigating trade agreements with Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates. Like most veterans, his job required working in tandem with people from other countries. A job in logistics requires the same.

Many enter the military out of a sense of duty and a desire to help and serve others. Veterans are used to working toward a greater purpose, and it can be difficult to find a civilian job that is similarly fulfilling and stable. My work in the logistics field is rewarding because I leverage my military background to execute shipments.

### Diamonds in the Rough

Although all service members are familiar with the operations involved in logistics, it's rarely the defining activity of their military work.

When I left the Marine Corps in 2007, I wasn't sure where I fit in civilian life. This is a problem many veterans face. Older industries are difficult to break into—trade and supply chains are built on generations of relationships. Startups might be easier to join but tend to offer less stability.

Veterans are drawn to order and direction. They default to jobs in the high-stress public sector because they are directly relatable to military experience. In fact, more vets work in IT, defense, and government than the U.S. average.

The most common way veterans find jobs is through personal connections. This is another reason for the scarcity of veterans in the industry—so few of us are currently logistics professionals.

### Moving Forward

Veterans can take advantage of countless programs to get closer to a logistics career. In addition to programs through the Departments of Defense and Veterans Affairs, many nonprofit groups and educational organizations including Joining Forces, the Institute for Veterans and Military Families, and VetsinTech among others, aim to assist veterans' reintegration into civilian life.

Recruiters can reach out to veteran-specific job boards or hiring services such as Shift.org and Hire Heroes USA for top operations talent.

The best way to hire more veterans, though, is to start a company program specifically for veterans. For example, Salesforce offers the VetForce program and I'm part of my company's FlexVets program.

Find a way to show veterans that they are wanted and needed, and you'll be rewarded with unshakable loyalty and impeccable logistics operations. ■



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## LEAN SUPPLY CHAIN

BY PAUL A. MYERSON

Professor of Practice in Supply Chain Management at Lehigh University and author of books on Lean for McGraw-Hill, and supply chain for Pearson  
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# Stay Competitive with a Flexible TMS

**L**ean principles, when used in conjunction with a transportation management system (TMS), can deliver lower transportation costs, reduced inventory levels, and progress toward business goals. New technology is emerging to further improve the efficiency of transportation systems.

You must manage and properly control—with complete visibility and great communication between partners—the transportation systems that connect your supply chain. The cost of transportation and logistics, primarily warehouse operations, can account for as much as 7 to 14 percent of sales, depending on industry.

### Leveraging Your TMS

Focus on total logistics costs, not just individual transportation, warehousing, and inventory carrying costs. Non-cost-related advantages of using a TMS include:

- Improved understanding of the cost to serve customers.
- Reductions in transportation department size.
- Lower carbon footprint through optimized vehicle routing.
- Access to more carriers and increased ability to utilize capacity.
- Fewer warehouses required.
- Better tracking and compliance to transportation-related health, safety, and environmental regulations.

Other technologies that are here today or coming soon can improve the cost and efficiency of your transportation system and remove waste from your supply chain. These technologies help improve transportation efficiency:

■ **Visibility tools.** Radio frequency identification, automatic identification and data capture, and the Internet of Things help improve end-to-end visibility and efficiency by detecting and solving problems, which can lead to greater customer satisfaction.

■ **Telematics**, which is the technology of sending, receiving, and storing information relating to remote vehicles via telecommunication devices, can increase productivity, reduce labor costs, control fuel costs, improve customer service, increase fleet safety and security, and reduce operating expenses.

■ **The Uberization of trucking.** A variety of emerging companies—Cargo Chief, Convoy, Fleet, Haulme, Transfix, and TruckerPath—compete

with freight hauling apps that will allow shippers to contract directly with freight-hauling trucking firms.

■ **Safety technology**, including lane departure warnings, collision avoidance systems, interior cameras, rear view cameras, and sensors. Many of these technologies provide significant return on investment by reducing property damage and injury costs.

■ **Autonomous vehicles.** Autopilot technology could end up replacing the traditional role of the long-haul truck driver. While someone may still need to be in the cab, a self-driving computer never needs a rest stop.

■ **New forms of transportation.** Amazon and other companies are testing air and land drones for final delivery to customers. Drones can save an estimated 80 percent on last-mile shipping costs.

### Get an Edge

Volatile demand, shrinking lead times, new consumption patterns, the digital age of commerce, and global trade treaties have impacted transportation systems in a variety of ways. That makes it ever more important to maintain an agile, flexible supply chain to gain a competitive advantage. ■



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## [ IT MATTERS ]

BY MICHAEL MEYER

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# How Automation Advances Can Augment Your Supply Chain Workforce

**A**dvances in automation are liberating untapped human potential in the supply chain. A new opportunity to significantly improve operational performance is emerging due to advances in robotics, artificial intelligence (AI), and prescriptive analytics.

These advances are not about technology versus humans, but about how technology will supplement and augment humans in knowledge-intensive areas such as supply chain planning, customer order management, and inventory management. And it's about how, in time, these advances will deliver even better business outcomes by helping people reframe how they make decisions.

### Shifting Roles

Automation is about liberating the supply chain workforce to focus on what people do best: the abstract thinking and contextual reasoning that still eludes machines. But as these technologies improve productivity, the human supply chain workforce will need to move beyond traditional roles.

As machines come to tackle more rote tasks, new, value-enhancing roles will emerge. Human workers will be equipped to function increasingly

as internal entrepreneurs. They will be dynamic innovators who can proactively identify growth opportunities and manage the risks associated with them.

Leading companies are already making strides in augmenting the supply chain workforce. So can you, by focusing on these three actions:

**1. Attract the future workforce.** Identify exceptional talent to fill the roles of intrapreneurs and innovators. Seek out talent that not only demonstrates a fundamental grasp of key technologies, but also a drive to leverage them.

Advanced technologies will also be needed to support the human intrapreneurs tasked with driving future innovation and growth. View recruitment, performance metrics, and career advancement through a lens of technology-driven innovation.

**2. Extract the robot.** Start prioritizing and defining robotic process automation opportunities. Begin

with the most routine and transaction-focused activities, such as data processing and cleansing.

The real value comes from leveraging technologies to drive innovative supply chains that support growth by offering new products and services. Redirect your workers to focus on the customer, service level promises, and new products and services.

**3. Place innovation bets.** Map opportunities to existing technology solutions according to their maturity and availability. Multi-echelon inventory optimization technologies are already on the market, as are techniques such as game theory and non-linear or stochastic dynamic programming. These technologies incorporate complex algorithms to help optimize planning. Start exploring their potential, talk to their inventors, and consider pilots.

### Power Performance

The combined power of humans and machines offers an unprecedented opportunity to drive a shift in supply chain operational performance. This enhanced workforce is improving operational efficiency, and, in time, will deliver significantly better business outcomes. ■



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BY DAVID WELSH

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## How to Make Your Region a Logistics Hotspot

**H**ow does a region become a logistics hotspot? Take Southern Arizona, for example: The region's national economic impact has grown by \$18.7 billion over the past decade, helping to revitalize the area, grow the population, and create thousands of jobs.

Southern Arizona, with a population of 1.6 million, is one of the fastest growing mega-regions in the United States. While many cities away from the coast are losing well-paying jobs, Tucson, Arizona, has attracted more than 6,000 new positions in the past year—working with companies doing business on both sides of the U.S.-Mexico border to create a new logistics hotspot in the Southwest.

Southern Arizona's success can be attributed to its ability to market its supply chain strengths to large logistics companies. The area's solid workforce, superior infrastructure, and prime location have attracted big name distributors—including Target, HomeGoods, and Tractor Supply Company—in recent years.

Your region can become a logistics hotspot by following Southern Arizona's blueprint:

■ **Develop your workforce.** A common denominator to a successful logistics location is a skilled workforce. Because a large portion of the U.S. population is nearing retirement, companies now focus on expanding in regions with a youthful, skilled employee pool.

To address this concern, Southern Arizona collaborates with Pima

Community College and the University of Arizona to train thousands of students in skill sets that will be valuable to businesses in the region. This helps economic development officials confidently tell companies that an educated workforce will be there to meet their demands as they grow.

■ **Leverage location.** Tucson's ability to reach large markets has been pivotal to its success as an appealing logistics location. Companies want to place distribution centers strategically to help save time and money when reaching its customers. A logistics hotspot needs access to large metropolitan regions to attract big suppliers and large distribution centers.

"Distribution from Tucson works extremely well," says Shane Gesbeck, plant manager for Arizona Canning Company. "Our facility is right off Interstate 10, giving us easy access to Southern California markets to the west and to markets in Texas to the east."

The state of Arizona's strong business, social, and political ties with Mexico has given the region an edge when it comes to attracting suppliers, providing companies access to the Mexico market. This

creates new business opportunities and a larger reach for supply chains as trade between the United States and Mexico becomes more balanced in terms of imports and exports.

■ **Invest in infrastructure.** Logistics and transportation companies need a functioning infrastructure system to transport people and products around the world. One integral factor in turning Southern Arizona into a logistics hotspot is the privately owned intermodal rail facility called the Port of Tucson. The facility offers a wide variety of rail-oriented transportation options in and around the Southwest region.

The Tucson location also provides easy access to deep-water ports on the West Coast for companies looking to reach global shipping destinations.

■ **Spotlight assets.** The Southern Arizona region has been successful by focusing on the assets it brings to the marketplace. From location to workforce and infrastructure, the region has been able to leverage its logistics strengths.

These factors and more played a part in turning Southern Arizona into a logistics hotspot. Developing and leveraging these factors could help any region become attractive to large distributors. ■

Sun Corridor coordinates economic development activities and programs within Southern Arizona under one umbrella and facilitates primary job and investment growth in the region.



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## [ FINE PRINT ]

BY MARY ANNE MELLOW AND TIMOTHY R. TEVLIN

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# Updated Uniform Bill of Lading Changes: Are You at Risk?

**K**ey components of the bill of lading unexpectedly changed in August 2016. While the changes may appear subtle, the implications sent shockwaves through the transportation industry. As the new standard approaches one year, it is important to re-visit the newly adopted terms to mitigate potential pitfalls.

The uniform bill of lading is the default form contract that shippers and carriers use to designate the terms of carrier liability, shipping information, time requirements, insurance, and claims stipulations.

The bill used to impose limitations that generally placed the burden of proof in liability disputes for damaged cargo onto carriers, and set forth requirements for carriers to limit liability.

The new standard, however, imposes liability only for carriers “shown as transporting the property” on the bill of lading when damages occur. It also changes time requirements for carriers to complete deliveries, appearing to extend delivery time from reasonable periods to within the regular course of providing transportation services.

More dramatically, the update shifts the burden of proving negligence in transport from the carrier or party in possession to the shipper.

The change forces shippers to assume the burden of proving carrier negligence if cargo is damaged.

The revision appears to favor carriers, and it may create significant hurdles for shippers to clear to avoid liability if products are damaged in transit.

### Become Proactive

For unwary shippers, business as usual may continue until, ultimately, something bad happens. Once cargo is damaged or destroyed, and the inevitable fingers of blame start searching for the liable party, it will be too late. But if shippers have adopted the update in the transaction, the new standard’s terms and limitations will control.

Shippers can be proactive to limit liability in a number of ways. It is important for every shipper regularly relying on the uniform bill of lading to read the revision and understand its effects. Shippers must make sure

the bill of lading identifies all parties to the transaction, including the actual carrier name (not just the broker).

Shippers must file claims as quickly as possible following an incident, and certainly within nine months of executing the bill of lading. Shippers should be vigilant when discussing their shipment expectations, and, if possible, delivery dates should be explicit on the bill of lading.

### Weigh Your Risks

While these steps may help to ensure the proper parties are named and the claims are not time-barred under strict interpretation of the updated standard, the burden of proof remains a significant obstacle for shippers throughout the industry. Truly, the only way to avoid the risks the update imposes may be to move away from using it entirely.

After reviewing the revision, shippers should weigh the risks of liability against the costs of using their own modified bills of lading or independent shipping contracts.

Shippers who invest early in planning, understanding, and foresight, may avoid significant potential liability down the road. ■

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## [ 3PL LINE ]

BY MICHAEL KHALIL

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# 3 Ways Your 3PL Can Help You Overcome E-commerce Challenges

**T**o meet consumer demands, e-commerce requires adaptable and flexible supply chains, no matter how short the lead time. Companies can support this fast-moving supply chain by leveraging a collaborative 3PL relationship.

By collaborating with a knowledgeable third-party logistics (3PL) provider, shippers can add both scale and visibility to their supply chain. With greater control, companies can improve efficiencies, cut costs, and prepare for the next stage of growth.

### Working With Your 3PL

The following three tips can help you leverage a 3PL outsource relationship to overcome e-commerce challenges.

**1. Reduce complexity through consolidation.** As shippers work with multiple parties, the complexity of the supply chain increases. Each freight movement requires several points of contact as the cargo moves between vendors, providers, and customers.

Consolidation through a 3PL can reduce this complexity. The 3PL offers a single point of contact for all the shipper's vendors and providers. All the freight comes together under

one approach, using the same standard operating procedures.

3PL consolidation allows shippers to accommodate small-volume shipping needs, yet make the most efficient use of transportation equipment. This is important, especially because e-commerce results in smaller shipment sizes.

It's not always possible for companies to fill an entire container with their own freight. 3PLs can consolidate freight from many shippers at their facilities. By combining similar destinations, they can make more effective use of transportation equipment and provide savings.

**2. Ensure supply chain visibility.** Rapid growth—along with smaller shipments coming and going from multiple points—can make it almost impossible for your staff to maintain visibility to what is happening in the supply chain. Successful e-commerce supply chains require a unified technology from beginning to end so the company knows which

shipments have been consolidated and where that freight is at all times so they can address customer queries.

Many 3PLs have transportation management systems (TMS) for their clients to use. With a single TMS, shippers can communicate with the 3PL, as well as its vendors, providers, and customers. A TMS also gathers information about the company's freight movements and provides reporting and analysis for improving efficiencies.

**3. Tap into local knowledge, global expertise.** Many supply chains today have a global component. To remain competitive, companies can leverage a 3PL in strategic regions.

Transportation capabilities and requirements vary widely by region. A 3PL should know the local language, culture, taxes, currency, and regulations, and also understand compliance and global forwarding. In this way, they can help a company navigate markets around the world.

By leveraging a collaborative 3PL outsource relationship, companies can accommodate a fast-moving supply chain and spend time focusing on other strategic areas of their business. ■

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# Learning from the Fast Fashion Groundbreakers

**Nick Boland**

Director, Global Product Marketing, Amber Road

**Q:** *Speed-to-market has become the top market pressure for retailers. What can other industries or CPG manufacturers learn from “fast fashion” leaders like H&M, Uniqlo, and Zara who are able to go from concept to shelf in weeks?*

**A:** Attaining raw speed requires an overhaul of your supply chain. To truly match the clock speed of modern fashion, companies must achieve supply chain transformation through flexibility, control tower management, and data analytics.

To stay ahead of the pack, decision makers need to be sure they are implementing advanced technology solutions with the following attributes:

- A very robust and comprehensive data model, able to model the global supply chain for all functions as well as all countries.
- In addition to the digitization of the global supply chain data, digitization of the export and import regulations for all countries. This allows for the automated processing of those regulations.
- A rich set of capabilities to allow for the sharing (collaboration) of



information as well as automation functions to perform the tasks required without human intervention.

**Q:** *Speed is only one factor. What other features of good supply chain execution are critical?*

**A:** The example set by these forerunners of rapid product development demonstrates the importance of more than just lightning fast lead times. Their entire business models are oriented around agility: always looking for new trends and creating shortened design-to-build cycles that can respond rapidly.

However, when it comes to being agile, normal efficiency practices don't cut it. There's a limit to how quickly even the most organized supply chain can prototype, manufacture, and ship.

This level of coordination requires visibility and digitized, connected systems able to orchestrate and manage inventory and get it to customers quickly. Combining these requirements with business insight generated from structured and unstructured data and predictive analytics enables the manufacturer to know where the product is at any given point in the lifecycle—and deliver through whichever channel where consumer demand is greatest.

This is “supply chain digitization”—the ability to transform the way we do business by moving data over the web instead of on paper.

By transforming the global supply chain via digitization and leveraging collaboration, automation, and analytics, a robust and comprehensive GTM platform creates value by not only providing speed-to-market to stay on pace with the fast fashion manufacturers, but also improves margins, agility, and risk management.

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# How to Choose a TMS Vendor That's Right for Your Company

George Kontoravdis, PhD

President, Fortigo

**Q:** *What are some important things to consider when selecting a TMS solution?*

**A:** Deploying a Transportation Management System (TMS) can be complicated, time-consuming, and expensive. Fortunately, this does not need to be true, thanks to systems with a Software-as-a-Service (SaaS) delivery model, which help you navigate the process of selecting and deploying a TMS solution in a fraction of the time and cost of traditional solutions.

Frequently, enterprise-wide TMS are identified as the most needed add-on module to established ERP and WMS deployments. While enterprise TMS solutions are an option, realizing quick ROI greatly depends on the delivery model. A cloud-based solution beats the legacy deployment methods by an order of magnitude. Deployment time is measured in weeks rather than months or years. Cost is predictable, with a monthly subscription versus millions in capital expenses.

With the SaaS delivery model, the vendor manages the hardware, infrastructure, software, tools, and personnel. Upgrades are seamless, and there is no need to schedule deployment windows to support upgrades, fixes, and patches.

In addition, there is no concern about who on your team will work with the added servers, databases, tools, and network connections and whether or not they have the right skills for the task.

Because integration with existing systems



is important, select a vendor with proven experience in quickly integrating with leading ERP or WMS systems. This requires an open system architecture that supports multiple data formats including XML, EDI, and Web Services.

The next significant integration criterion is the scope of carrier connectivity. The higher the number of carriers familiar with the solution you are evaluating, the easier it will be to establish data links between your TMS and your carriers.

Consider these features in the evaluation checklist:

- Open architecture to enable accelerated data mapping
- Support multiple integration options including XML, EDI and Web Services
- Proven record integration with commercially available ERP or WMS
- Growing integrated carrier network
- Ad hoc, real-time reporting

- Cloud computing capabilities
- Security, redundancy, reliability, scalability
- Support for all pertinent modes of transportation

**Q:** *How long should deployment take?*

**A:** Once you have decided on a cloud solution, narrow your list down further by looking for a vendor with repeatable processes that get their customers online quickly and smoothly.

A three-month deployment window should be your benchmark. A short and efficient implementation process means you can start realizing the return on your TMS investment sooner than later. Implementation best practices include:

- Pre-filled forms to guide requirements gathering and configuration
- Experienced deployment team with domain expertise
- Regular stakeholder check-in meetings

Rapidly realize ROI (in some cases, 10-12 weeks) with a short deployment cycle, savings in hardware, tools, and personnel.

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# Today's Options in Technology To Improve Your Transportation Program

Ian Tsai

Executive Vice President, KDL

**Q:** *What have been the technology changes in transportation?*

**A:** As we have seen in other industries like Netflix with entertainment content or Airbnb with hospitality, we are also seeing innovative technology, i.e. Uber Freight, trying to disrupt the transportation industry. All of these technology advancements benefit everyone that is in our industry.

For a shipper, it provides boundless visibility through a single click of their mouse. To a third-party logistics (3PL) provider or carrier, it provides the ability to offer dynamic pricing or rates to shippers based on carriers' current supply and demand. The days of EDI connectivity are quickly becoming outdated and replaced with real-time data feeds that benefit both shippers and their shipping partners.

**Q:** *Why does TMS software vary so significantly in cost?*

**A:** There are many TMS packages that are one-dimensional. They are usually strong in one of the core modes – truckload, less-than-truckload (LTL), or small package. If you are a small, basic shipper, these types of software may suit your needs. If you are a growing



shipper with a complex supply chain, you most likely would desire a TMS that is multi-modal and has the ability to think on your behalf with planning, optimization, and data algorithms that directs you on how to move your shipments.

The decision is with the shipper on how much they are willing to invest to enhance their logistics efficiency. The more you invest, the greater the return on your investment.

**Q:** *What are the primary differences between working with a software provider vs. working with a technically advanced 3PL?*

**A:** Working with a software provider will give you a fraction of the advantages and benefits that a 3PL can provide you. An enhanced system from a software-only provider may be enough for simplistic shippers to achieve the type of productivity they are looking for. However, working with a software-only provider, they will never be able to support you with carrier management and price negotiations, freight audit processing or logistics management duties such as inbound and outbound routing control, freight consolidation, mode optimization, etc.

Some software-only providers and 3PLs can also offer technology integration directly into the shipper's Enterprise Resource Planning (ERP) program or their main operating system. Instead of jumping back and forth between a shippers' ERP and then a TMS to quote and move a shipment, everything can be done within the shippers' ERP program. The decision for the shipper is whether they want to license or integrate with a technology provider or partner with an advanced 3PL.

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# Silicon Valley is Helping the Logistics Industry Grow Smarter, Instead of Bigger

Adam Compain

CEO, ClearMetal

**Q:** *How can shippers and service providers cut through the clutter of tech talk around AI and machine learning?*

**A:** The most important thing to remember is that machine learning is not a generic box you can buy from just anyone, plug in and have work. The shipping industry is so complex and nuanced that any AI or machine learning solution must be custom built for logistics for it to deliver scalable value. Also remember that machine learning and AI solutions are not all created equal.

**Q:** *Why is there so much interest from Silicon Valley in the logistics industry—and vice versa?*

**A:** In short: because the two worlds can really help each other—and there's such massive value to be gained through partnership. We see incredibly talented and experienced supply chain professionals who are unfairly burdened and not equipped with the best tools.

The machine learning and AI used every day in Silicon Valley can be of great help, especially at a time where economic pressures are



requiring innovation beyond the four walls of the supply chain.

The logistics industry has spent years throwing capacity and scale at its problems. Shippers and service providers have added bigger ships and ports, capacity and buffer stock. But bigger no longer means better. Enormous pressures are weighing on the industry, forcing it to be more efficient in operations and assets.

A tighter handle on the movement of goods is needed and the only way to get smarter and more efficient is through data intelligence (versus scale). A select few companies are customizing Silicon Valley data science for supply chain. They are delivering high value to supply chain operators—and therefore gaining rapid traction.

**Q:** *Where is there value being captured today?*

**A:** One area of low-hanging fruit is the deployment of machine learning to cleanse and sort data to prepare it for greater simulation and analysis. The state of data today is an inhibitor to innovation. There is immediate value in using machine learning to solve the data problem.

The sexier use cases for AI and machine learning include predictive logistics and things like PTAs (predictive time of arrival) to know four or eight weeks out what will happen with regards to shipment movement or trading partner decisions. The shift from guesswork and estimations to data-driven predictions will be the most impactful result of AI.

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# Canada:

## TIES THAT BIND

**The U.S.-Canada cross-border trade relationship remains robust in an evolving regulatory environment.**

**W**hen it comes to U.S.-Canada trade, the hyphen between the countries' names is hardly relevant. So close are these two trading partners—in relation to both their physical proximity as well as their strong spirit of friendship—that their names morph. Neither does it make much difference which country is named first.

While more Chinese goods make their way into the United States, that single chapter in the book of trade doesn't measure up to the overall story of Canadian and U.S. interdependence. "It's the most important trading relationship both countries have," says John Costanzo, president of Purolator International.

For manufacturers on both sides of the border, the difference between success and failure often lies in how economically and efficiently they navigate the crossing. In that regard, companies should not be needlessly concerned about talk of increased costs.

"A lot of saber rattling is going on about tariffs," Costanzo says. "But, long term, all that will settle down."

The value of the dollar is likewise settling down. "There was some market shock with the U.S. dollar in 2016," Costanzo says. "But it's been relatively stable since then. Customers see that instability is behind us; as a result our volume has picked up."

Purolator International is a subsidiary of Purolator Inc., a leading integrated package, freight, and logistics solutions provider that has built one of Canada's most extensive

transportation and logistics networks and supporting infrastructure. Purolator International works with U.S. companies to help manage the array of factors that affect cross-border trade. Based in Jericho, New York, about 25 miles from New York City, the company operates about 30 branches in cities across the United States.

### Cut to the Chase

From that perspective, Costanzo is in a position to quickly sort through perceptions and cut to realities. He says that when a company is fulfilling orders in Canada, for example, what may seem to be an obvious answer may not, in fact, be the ideal solution for them.

“Companies selling products in Canada may feel they need to put a warehouse in Toronto,” he says. “That sometimes may be true, but if they are fulfilling orders across the country, Toronto may not offer the best fill rate and customer experience. Fulfilling orders from U.S.-based distribution centers located across the U.S.-Canadian border is a better option.”

Costanzo also cautions companies to stay on top of changing customs regulations, and to be particularly conscious of the logistics challenges and regulations governing returns. “In e-commerce, the

return rate can be pretty high,” he says. “And a cross-border return can often cost as much as three to four times more than fulfilling the original order. Setting up an effective cross-border returns solution can substantially reduce that expense.”

While the customs process is more easily understood than it is with other countries, it would be unwise to believe the friendly relationship between the United States and Canada translates into no-fuss trade.

“It’s not enough that Canadians speak and sound like Americans,” Costanzo says. “Even with these commonalities, you still have to know how to get through customs properly. Items must be recorded accurately, and all the Harmonized System Codes have to be right to avoid delays and additional expense. It’s important to understand the regulatory environment.”

Purolator International acts as a partner and guide in the border-crossing process. “We’ve been in business in Canada for 60 years and in the United States for 20,” Costanzo says. “We know Canada and the complexities of crossing the U.S.-Canadian border quite well. Whether in the air, on the ground, via courier, expedited freight, or LTL, we understand how to move freight efficiently and effectively.

“The most important thing is to get

through the border without any delay,” he adds. “Rarely do we get stopped or held up.”

Keeping the process smooth is increasingly important in light of the continuing growth of e-commerce. “E-commerce will be the most pervasive factor going forward,” he says. “We see downsizing in brick-and-mortar businesses. That’s a huge change. Brick-and-mortar business isn’t going away, but there is more and more omni-channel fulfillment.”

To answer the demand, Purolator International is upgrading its IT systems at all levels, including creating a more client-friendly portal. “The key is integration across all platforms,” Costanzo says.

At the same time, Purolator International is growing its domestic service. “We’re expediting shipments and offering more same-day deliveries within the United States,” he says.

### Adapting to Change

While Canada and the United States continue to be close in their trade connection, it should come as no surprise that—as with any close relationship—evolutionary changes occur that likely will strengthen their bond over the long term. Given that natural fact, leaders in the logistics field caution their customers not to overreact to the ebb and flow of politics.

“The current Canadian and American leadership seem, on the surface, to be diametrically opposed on social and some economic issues,” says Mike Flinker, president at FLS Transportation Services Limited. “However, the leaders in both countries recently have concluded that the North American Free Trade Agreement (NAFTA) should be tweaked rather than trashed, for the good of all involved.”

FLS, based in Montreal, Quebec, operates more than one dozen offices throughout Canada, the United States, and Mexico. As one of the fastest-growing third-party logistics (3PL) providers, FLS provides logistics solutions for all sizes of companies across numerous industries.

While its core competency continues to be over-the-road transport, FLS is engaged in providing highly customizable contract logistics services including warehousing, cross-dock, project logistics, and freight management.

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Logistics providers and customers must look beyond political rhetoric and focus on core beliefs. “It may seem like the Trump administration is leaning toward trade isolationism, but there remains a deep understanding of the exponential impact of trade, especially exports, to the economy and job growth,” Flinker says.

“In the long term, this may mean that Canada, which has relied heavily on its trade relationship with the United States, may look to improve its export power with other countries that will agree to increase the purchase of Canadian origin products,” he says. “Canada might look to leverage its involvement with international organizations—specifically those addressing climate change, women’s rights, and other social issues—to increase its trade footprint.”

### Economic Changes

No matter what lies ahead politically, manufacturers on both sides of the border must be vigilant about the natural changes that occur in economics. “Outside of considerations regarding the sale of goods and buyer’s demographics, the primary concern for manufacturers, especially those trading cross border, should be factors impacting cost of labor, materials, regulation, and value of currency,” Flinker says.

While some of the rhetoric may be just political posturing, concerns for the health of the current trade relationship between the United States and Canada remain. “For this reason, some manufacturers and distributors may want to limit their traditional brick-and-mortar investments, and instead look to a 3PL such as FLS,” Flinker says. “We can create a virtual network through which they can easily expand their delivery footprint, and reach new and existing customers without having to make a significant investment in technology, transportation, or other logistics assets.”

If there is any major difference between the United States and Canadian markets for manufacturers, he says, it might exist in their geographical relevance to Mexico, which both countries share as their third-largest trading partner.

“As nearshoring becomes more common—a result of a desire to be more reactive to manufacturing changes, reducing transport cost, and speed to

## U.S.-Canada Trade Facts

■ U.S. goods and services trade with Canada totaled an estimated \$627.8 billion in 2016. Exports were \$320.1 billion; imports were \$307.6 billion. The U.S. goods and services trade surplus with Canada was \$12.5 billion in 2016.

■ Canada is currently the United States’ second-largest goods trading partner with \$544 billion in total (two-way) goods trade during 2016. Goods exports totaled \$266 billion; goods imports totaled \$278.1 billion. The U.S. goods trade deficit with Canada was \$12.1 billion in 2016.

■ Trade in services with Canada (exports and imports) totaled an estimated \$ 83.7 billion in 2016. Services exports were \$54.2 billion; services imports were \$26.9 billion. The U.S. services trade surplus with Canada was \$24.6 billion in 2016.

■ U.S. exports of goods and services to Canada supported an estimated 1.6 million jobs in 2015 (latest data available)—1.2 million supported by goods exports and 36,000 supported by services exports.

Source: Office of the United States Trade Representative

market—U.S. manufacturers seemingly have an advantage over their Canadian counterparts,” Flinker says. “However, a well-planned logistics strategy, and access to technology and transportation insights, will help mitigate additional costs related to several hundred miles of geography.”

The volume of cross-border goods FLS transports—by road or intermodal rail—continues to grow as a result of both an increase in market share win and steady cross-border trade volumes. Recent cross-border volumes are reflective of the trend in trade whereby exports from the United States to Canada outnumber exports from Canada to the United States by almost three-to-one.

“We expect these trends will continue, and while the currency rate creates a more favorable climate for U.S. importers to purchase Canadian exports, we do not see an exponential increase in industrial and consumer goods exports from Canada,” Flinker says.

While certainly mindful of the impact online shopping has on the industry, he says the so-called “Amazon effect” is more about how than why. From that perspective, Flinker says companies such as FLS have a competitive advantage.

“We foresee the Amazon effect having less impact on volume of trade, and more impact on how, what, and where we trade,” he says. “The negative influence online shopping has had on brick and mortar has already started in the United States.

“While Amazon and other online retailers might attempt to vertically integrate logistics into their business, as a 3PL we see this as an opportunity to be rewarded for our investment in technology, integration across multiple applications, and ability to operate contract logistics solutions efficiently with the customer experience in mind,” he adds.

### Continued Cooperation

Jake Holzscheiter, president and CEO of A.N. Deringer, Inc., the largest privately held customs broker in the United States, describes the U.S.-Canada trade relationship as a kinship. Despite some current concerns, he says that relationship is not likely to end any time soon.

“Due to the new administration, many have expressed concern regarding NAFTA, as well as continued specific industry concerns such as softwood lumber and agriculture,” he acknowledges. “Beyond that, Canada is the second-largest U.S. trade partner, and we anticipate this to continue for many years to come.

“The long-established cooperation between the countries, proximity to each other, and ease of commerce will ensure the continued growth of trade relations,” Holzscheiter adds.

Headquartered in St. Albans, Vermont, A.N. Deringer combines more than 30 U.S. offices with a global agency network to facilitate the movement of cargo throughout the world. The company is a



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leading provider of international supply chain solution services including international freight forwarding, warehousing and distribution, customs brokerage, logistics consulting, cargo insurance, duty drawback, and meat inspection.

From that comprehensive logistics vantage point, Holzscheiter sees the issues ahead more from a compliance perspective than concerns over the ongoing partnership between the two countries.

“The demand for additional data and new regulations from various U.S. government agencies, as well as the continued transition to the Automated Commercial Environment (ACE) program, are major challenges for manufacturers,” he says.

Holzscheiter specifically points to the requirements contained in the Trade Facilitation and Trade Enforcement Act (TFTEA), the USDA’s upcoming new data requirements referred to as Animal and Plant Health Inspection Service (APHIS) Core, and the FDA’s Foreign Supplier Verification Program (FSVP).

“The government is rolling out TFTEA, which is a new, broad-sweeping trade regulation,” Holzscheiter says. “It will have a big impact on many shippers in areas such as duty drawback, low-value shipments, anti-dumping and countervailing duties, and general trade enforcement. At

the same time, the FDA is enforcing the FSVP and the USDA is making way for the new APHIS Core data set.”

#### **Drawing an ACE**

A.N. Deringer is ideally suited to help shippers deal with the new demands, according to Holzscheiter.

“We serve on government committees and industry boards, which puts us in a unique position to help shape trade policy and give manufacturers an early heads-up about new trade requirements,” he says.

“As an example, ACE has been rolling out for more than one year now, and sometimes new requirements have changed or come quickly,” Holzscheiter says. “Shippers need to know about these changes as soon as possible because they can necessitate computer program updates, or additional information from suppliers. And, for large importers, new trade requirements may mean process changes across numerous locations.”

Shorter transit times for goods crossing the border, compared to ocean cargo, add increased urgency to the trade process. “It means cross-border shippers have to plan ahead and act fast to ensure the seamless transit of their goods,” Holzscheiter says.

“The increased U.S. Customs and Border Protection and Partner Government Agencies enforcement initiatives are driving a need for importers to further

develop—or enhance—their trade compliance programs and procedures,” he adds.

“One initiative we’ve found most helpful to our customers is the flexibility that we provide via customized processes, increased visibility for active shipments, compliance monitoring, real-time data mining, and new technologies based on their needs and priorities,” he says.

“We’ve built customer-facing tools, increased our EDI capacity, and developed processes that provide customers with tangible efficiencies,” Holzscheiter notes. “In addition, our cross-border trucking program, distribution, and freight forwarding services are examples of how we provide seamless service by acting as a single-source provider.”

#### **Vibrant Trade**

While the job becomes more complicated year after year, Holzscheiter is confident that trade between the U.S. and Canada will remain vibrant.

“We continue to see strong trade growth between the United States and Canada,” he says. “Over the years, the nature of the business has shifted. While commodities and agricultural products are still Canadian-origin goods imported in large volumes, Canadian shippers are also importing into the United States from overseas. We can expect this balance to continue.” ■



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# DIRECT HIT



**E-commerce has forever changed the way people shop. Now businesses of all sizes must reassess their supply chains to go direct to the consumer with faster-than-fast delivery and free shipping.**

**By Michael D. White**

In Meredith Wilson's classic *The Music Man*, River City residents line the street when the Wells Fargo wagon rolls into town. They wait for delivery of salmon from Seattle, grapefruit from Tampa, raisins from Fresno, a bathtub, a cross cut saw, and, of course, musical instruments for the town band.

Times have certainly changed, but customer demand has not. As direct-to-consumer (DTC) strategies, and the technologies utilized to implement them, have ramped up the velocity at which goods flow through the supply chain, horse-drawn wagons have given way to drones and robot delivery vehicles.

"DTC is not a new concept," says Frank McGuigan, president and COO of Frisco, Texas-based Transplace, a non-asset-based logistics service provider. "What's brought DTC to the forefront is the ability of e-commerce channels to provide a broader spectrum of products directly to consumers."

"Compared to low overall retail growth of just 1 to 2 percent, e-commerce is on fire"—a \$370-billion market expanding at a 15-percent compound annual growth rate that currently accounts for 8 percent of overall retail sales, according to a recent report compiled by A.T. Kearney and published by the Council of Supply Chain Management Professionals.



When Jay Leno launched his line of auto care products, he chose to avoid retail chains and sell directly to consumers via the internet.

That figure, the report says, is expected to make up 14 to 16 percent—or \$1 trillion—of the U.S. retail landscape by 2022.

E-commerce “presents a fundamental shift in how consumers shop,” says the report. “Instead of firms pushing cases and pallets to physical stores, e-commerce has consumers pulling customized baskets to their desired location, whether home, a nearby store, or other convenient location such as lockers. This push-to-pull model has created a structural change in underlying supply chains and the movement of goods in terms of product flow, location of assets, delivery mode, and enabling technologies and analytics.”

#### Analog Mode in a Digital World

Customers today “live in a digital world, while many businesses continue to operate in analog mode with a 50- to 60-year-old business model,” notes Melissa Runge, vice president of analytical solutions at Spend Management Experts (SME) in Atlanta.

“They’re increasingly unwilling

to shop that way, so companies that hope to be around in the future have to reconfigure their supply and distribution chains to better conform to customer expectations,” she says. “The age of waiting for new products to appear on store shelves is over.”

Social media and technology “have radically increased customer expectations to the point where they want to order a product and have it delivered tomorrow, if not sooner,” Runge adds. “Business is moving down that trajectory and won’t go back.”

Jeff Jones, vice president of business development at third-party logistics provider Saddle Creek Logistics Services in Lakeland, Florida, agrees with Runge.

DTC is all about customer expectations, he says. “In a world where social media plays a dominant role in how people shop, they have unspoken expectations—I will get my order quickly and I will not pay for shipping and handling,” Jones says. “Manufacturers and retailers have to adapt.”

Zurvita, a Houston-based manufacturer of wellness and healthcare

products, recently selected Saddle Creek to provide direct-to-consumer fulfillment services. The company operates as a “direct seller” with consultants across the country selling products directly to the public.

“We work with two layers of customers—the consultants as well as the customers who purchase the products,” says Jones. “That adds another dimension to work through. The plan calls for Zurvita corporate to process the orders, and then pass them on to us to fulfill.”

While operations will initially be handled from Saddle Creek’s 1.54-million-square-foot Fort Worth facility, the 3PL’s nationwide network of 43 distribution centers gives Zurvita the option to add locations in the future.

“Over the past five years, we’ve grown from \$3 million to \$100 million in revenue, and we’re planning for significant growth in 2017,” says Tanya Frantz, vice president, supply chain and distribution at Zurvita. “Stepping up our fulfillment game is critical.”

#### Bring it Inside

Some companies are taking a different road to DTC satisfaction by handling fulfillment operations entirely in-house.

For example, in November 2016, former *Tonight Show* host and long-time car buff Jay Leno unveiled a new line of auto care products—Jay Leno’s Garage Advanced Vehicle Care—for direct delivery to customers across the country.

The company’s waxes, polishes, and other products are compounded around the country and then shipped to Denver, where they are bottled, labeled, warehoused, and distributed out of the same facility via FedEx and the U.S. Postal Service, according to Nick Mertz, the company’s chief operating officer.

“It was Jay’s plan from the start to skirt the retail chains by selling via the Internet and going direct to the consumer,” Mertz says. “People want instant gratification and better products at a better price. The best way to achieve that is to eliminate the middleman in an effort to cut costs. That’s not going to change.”

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**Direct-selling company Zurvita partnered with 3PL Saddle Creek to manage fulfillment of its health and wellness products.**

centralized distribution of quality products with brand name recognition directly to customers, “has added up to steady growth in our business since we sold our first product in November 2016,” says Mertz. “We have a vision to utilize e-commerce and additional

distribution centers to deliver directly to our customers. We feel strongly that that track will make us the top brand in the market within the next 10 years.”

The 800-pound gorilla in the room, is, and will remain for now, Amazon, which is climbing the ladder to near

total domination of direct-to-consumer order fulfillment.

In March 2017, Amazon invited top-level executives from several major consumer packaged goods (CPG) companies to a three-day meeting to discuss “a major shift in thinking.” Amazon wanted to explore how its suppliers could speed delivery of their products and meet the needs of increasingly demanding consumers by bypassing retailers such as Walmart and Target and dealing directly with them.

The invitation to the event read, in part: “Times are changing. Amazon strongly believes that supply chains designed to serve the direct-to-consumer business have the power to bring improved customer experiences and global efficiency.”

With Amazon setting the pace for how goods move between supplier and seller, the question is whether there will be an eventual “Amazonization” of domestic, and even global, supply chains.

Transplace’s McGuigan doesn’t

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think so. “We’re not seeing wide-scale adoption of online shopping for grocery products and CPG items,” he says. “Despite recent developments, people still like to see and touch things,” alluding to Amazon’s almost counter-intuitive opening of brick-and-mortar bookstores in five states and plans to introduce additional stores in California, Massachusetts, Washington, New Jersey, and New York City.

That visceral need to touch and feel has created a “delicate equilibrium between what consumers see on a computer screen and what they want to see, touch, and feel before they buy,” he says. “I don’t think they’ve found that balance yet.”

Does Amazon have the fulfillment capability to put pressure on those retail outlets?

“Without a doubt,” says McGuigan. “They already are. But, if you look at retail shopping, dollars spent are up, while foot traffic is down. Some companies are being pushed out of business while others are holding their

own and trying to remain competitive by coming up with their own e-commerce strategies.”

The direct-to-consumer strategy “isn’t quite refined,” he says. “It doesn’t have its fine edges just yet. I do see some definition though, as there appears to be no end in sight to what’s possible.”

#### Drawing the Line

Within the next three to five years, McGuigan predicts we will see “clearer lines of engagement on the differences between e-commerce and walk-in retail and the market shift in building supply chains to more effectively serve increasingly demanding customers; fewer full truckload shipments into the large distribution centers that serve large retail outlets; and different channels with smaller movements going to local DTC-configured fulfillment centers with online buying for everything from toothbrushes and shaving cream to waffle makers and computer peripherals.”

One major challenge in maintaining the heated pace DTC demands have

set is the issue of “having to maintain maximum inventory in place, as well as the capability to move it quickly both in and out,” says Spend Management Expert’s Runge.

“Rather than a large shipment to a large retail store, there is a resulting movement toward ‘single pick,’” she says. “Product handling automation and more efficient inventory control and warehousing systems will be increasingly crucial to fulfilling customer orders.”

Businesses “will continue to see the demand for same-day delivery increase,” Runge adds. “But eventually, consumers will realize that it’s just not possible to deliver everything the same day they order it.

“We will reach a plateau when people realize what is realistic and what isn’t. The market will drive that,” she says. “Trucks will get caught in traffic jams, flights will be delayed, drones will fail. Believe it or not, there are some situations even Amazon can’t control.” ■

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**Changing business models—especially the rise of e-commerce—are prompting many distributors to enhance their services. Game on.**

**By Karen M. Kroll**

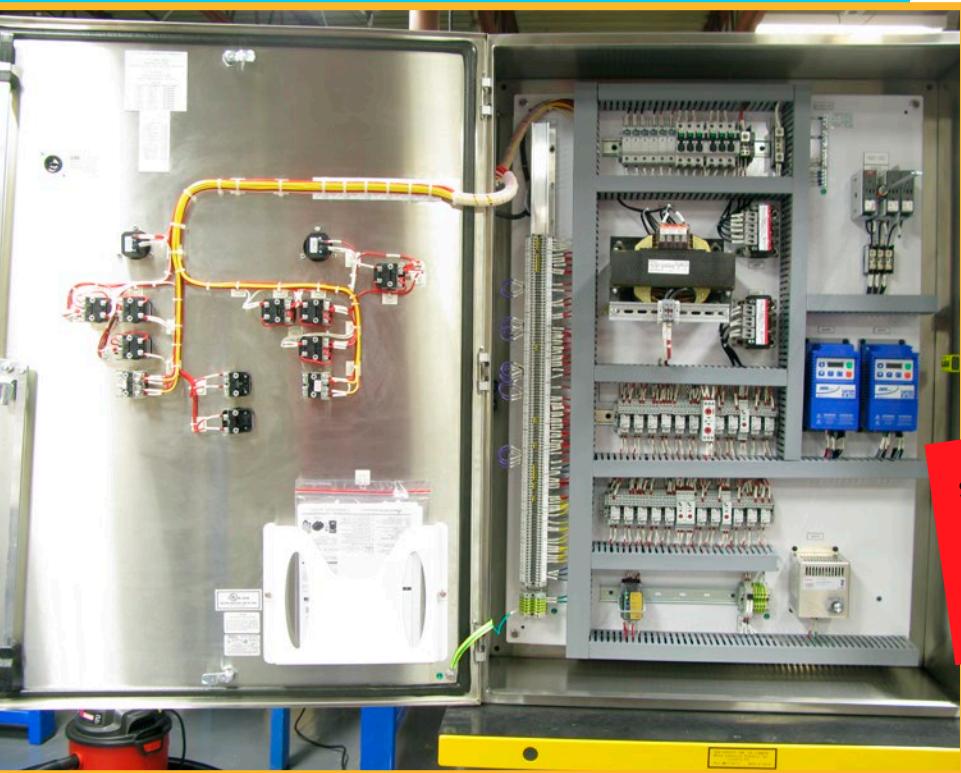
It might seem that the rise of e-commerce, which allows customers and manufacturers to more easily interact directly, would leave distributors with no role to play. To be sure, online transactions appear to be having an impact on the distribution sector. Estimated sales of U.S. merchant wholesalers between 2014 and 2015 dropped from \$7.7 billion to \$7.3 billion, according to the U.S. Census. The decline may be a result of more consumers and large retailers transacting directly with manufacturers, says Arnold Maltz, associate professor, supply chain management, at Arizona State University.

Yet it's too early to count distributors out. They play a key role in helping companies more efficiently access both suppliers and customers. Moreover, many are enhancing the services they provide.

Distributors typically are critical to industries with numerous, relatively small providers, or where end buyers need to purchase small amounts of products from a range of suppliers. "If the industry has lots of products and customers, distributors can aggregate demand," Maltz says. "You get economies of scale." Distributors also can be essential when companies enter new markets, particularly overseas or in rural areas, he adds.

Distributors also can assist companies that make regular, repeat purchases of products to keep their factories running, says Mark Dancer, president of Channelvation, a provider of channel strategies and solutions, and a fellow with the NAW Institute for Distribution Excellence. Some distributors stock repair parts for machinery and/or provide custom logistics solutions.

They're also "problem solvers," Dancer says. Good distributors know their customers' operations, and can help them



Wiring manufacturer **Electri-Cord** relies heavily on its distributors to help manage inventory in a variety of ways.

choose products to keep those operations humming.

One example is Electri-Cord Manufacturing Co., based in Westfield, Pennsylvania, which provides wiring harnesses, cable assemblies, power cords, and other products to the military, medical, telecommunications, and other industries. Many customers require quick turnaround of complex assemblies.

Electri-Cord works closely with six distributors, including through vendor-managed inventory (VMI) programs, to maintain rapid access to materials at its U.S. and Mexico plants without having to purchase them upfront. It works with several dozen other distributors less frequently.

“Distributors account for approximately 80 percent of everything we buy,” says Jason Samuels, director of materials for Electri-Cord. The company regularly needs, for instance, 10 custom units at reasonable prices and with short lead times. It’s often not feasible to stock up or work directly with manufacturers, “when we need to build something today, but didn’t know about

it yesterday,” he says. “That’s where distributors come in.”

Electri-Cord works with distributors in a range of ways. It may execute stocking agreements and share forecasts of material needs to ensure distributors’ pipelines remain full.

It tends to use VMI programs for components that turn rapidly. With a VMI, the parts are physically onsite at an Electri-Cord location, yet the company doesn’t own or pay for them until they’re pulled from the vendor’s inventory. “This helps us increase availability, decrease lead times, reduce risk, and keep dollars in our pocket,” Samuels says.



manufacturers may carry the parts Electri-Cord needs, but typically won’t offer after-sales support. “We want

traceability, visibility, and support,” Samuels says, adding that Electri-Cord employees often talk with their distributors multiple times each day. “Our distributors help us modify or expedite orders, or get answers about quality. They’re truly our partners.”

Transparency is key in any distributor relationship. “You should be able to tell if the distributors’ pricing is fair, and what they’re charging you for,” Maltz says.



Just as important as the expertise they offer on the supply side, distributors also can facilitate manufacturers’ efforts to reach customers. Many bring a strong understanding of local and niche markets. “While manufacturers might see the big picture, distributors are good at optimizing the products on the shelf to meet local market needs,” says Dancer.

Eaton, the \$19.7-billion power management company, collaborates with its distributors as “an integral part of our go-to market strategy,” says Marielle Cage Couvat, logistics solution and program manager. “Distributors bring strong market presence, a wide product assortment, flexibility and logistics capabilities, a warehousing footprint, multiple stocking locations, and smaller size orders.”

Distributors can apply customer feedback to help Eaton define the needs of its markets. For instance, many distributors have assembled specialized “energy sales teams” to provide customers with information on the estimated payback of Eaton’s LED and lighting control products. This can be an important element of the sales process.

“They audit the customers’ energy spend on old technology and use Eaton’s calculators to show our collective customers paybacks in energy and maintenance savings, as well as greenhouse gas emission reductions,” Couvat says.

Another way distributors can help boost sales is by including a

Electri-Cord makes a point of working with authorized distributors. Distributors that aren’t authorized by the

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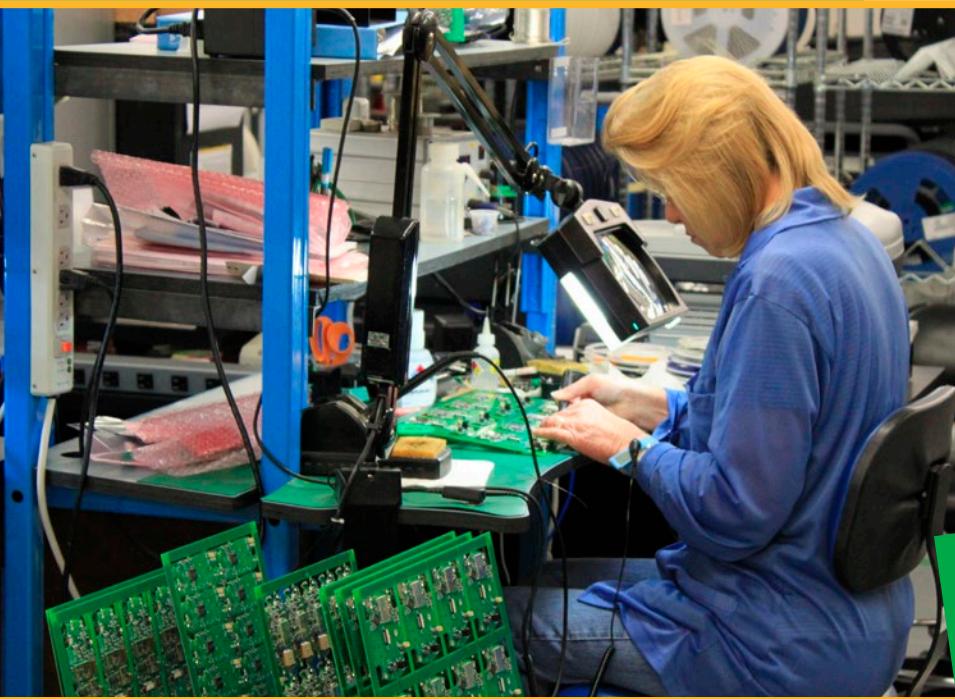
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to engage us at the beginning design stage and take it through to volume production.”

Avnet’s 2016 acquisition of Premier Farnell is helping them do this. “By pairing our deep expertise in large volume, broadline distribution with Premier Farnell’s specialization in proof of concept and design, we can offer true end-to-end solutions that accelerate a customer’s time-to-market and moves their products seamlessly from prototype through volume production,” according to a statement by William Amelio, Avnet’s chief executive officer.



**T**he ease with which customers can find information online also is impacting distributors’ operations. Both business and consumer customers

increasingly search the web for answers to questions—say, the parts needed to fix a pump—they previously would have posed to their distributors. To compete, distributors have to provide even deeper levels of expertise. “They can’t just meet orders,” Dancer says.

Among other actions, top distributors are investing heavily in employee training and outfitting many workers with tablets and other tools so they can offer in-depth product and logistics advice, no matter where they are. Some distributors offer product training programs for their customers’ salespeople.

A growing number of distributors are implementing online portals and other tools that allow customers to easily track purchases, including information such as the prices they paid and the percent of on-time deliveries. “The best distributors work with the analytics to help customers improve their products and processes,” Dancer says.

Distributors increasingly need a full complement of strong supply chain processes. This includes inventory management and planning, effective transportation services, and an extensive warehousing footprint that crosses multiple geographies. They also need to accommodate spikes in demand, and

Distributors include ACR’s emergency beacon products within a package of complementary products from multiple companies, helping to boost sales.

manufacturer’s products within a package of complementary products. ACR Electronics Inc., Fort Lauderdale, Florida, develops emergency beacons for the marine, aviation and other markets. Many of its distributors carry a range of safety products, such as life jackets and life rafts, from multiple companies. “Our products are best sold with a whole safety package,” says spokesperson Nichole Kalil.

market the imports,” he explains. “It gives us best pricing and territorial protection.” That allows the firm to more effectively compete for many commercial projects.

Moreover, CTD sells to many showrooms that aren’t set up to import tiles. They’d have to inventory the product, buy in volume, and establish relationships with the factories. They’d also need to hire support staff and salespeople, and implement computer systems to handle the distribution operation. “Our infrastructure is formidable,” Cerami says.

While distributors continue to offer value, the growing tendency of both consumers and businesses to transact directly with manufacturers is changing their business models. “They’re offering more services and solutions,” Maltz says.

“Distributors don’t control markets,” says Wade McDaniel, vice president of solutions architecture for Avnet, a \$26-billion Phoenix-based distributor of electronic components and embedded solutions. “As customers and suppliers change, we have to change.”

For instance, more customers are looking for “end-to-end solutions,” McDaniel says. “Our customers want



**S**maller businesses that import goods often find it practical to work through distributors. Ceramic Tile Design (CTD)

imports tile from Italy, Spain, and several other countries. It has three divisions: one for the residential and light commercial market, one focused on large commercial projects, and a distribution division.

When the company started importing tiles, Steve Cerami, president and chief executive officer, decided to act as a distributor to help turn the inventory CTD would gain. “We created a channel to



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have a diverse product portfolio and strong multi-channel presence.

Top distributors also will track and report the services they're providing. "If the distributor is selling for you, they're between you and your customer," Maltz says. "You don't want to lose that connection."

A growing number of distributors are adding services that fall outside a pure distribution model. One example: a roofing distributor that also installs roofs becomes a one-stop shop," Dancer says.

To be sure, this can bring distributors into competition with their customers, in what's sometimes referred to as co-optation. For example, some of Electri-Cord's distributors have added manufacturing capabilities. In some cases, the two companies work together, and in others, they compete. Samuels notes that distributors are in direct contact with many customers. That gives them a constant flow of information on customers' challenges, plans, and preferences. "We'll watch this closely," he says.

Some distributors are developing "digital twins," which are digital representations of their physical operations, such as the trucks on the road or the products being built. "This is where distribution services are headed," McDaniel says.

The reason? Having this information allows distributors to more quickly make decisions and respond to customers.

That's critical, given the pace at which their businesses, and those of their customers, are changing. ■

## 4 Ways Distributors Can Stay Competitive

Asset-light e-marketplaces and other non-traditional shopping channels, combined with shifting demographics, are rapidly upending industrial distributors' inventory-heavy model. As a result, distributors must quickly adapt and address threats with everything from sharper mobile offerings to upgraded customer service, a new whitepaper from UPS shows.

According to the *UPS Industrial Buying Dynamics Study: Buyers Raise the Bar for Suppliers*, the biggest shift comes from millennials (defined for this study as those currently ages 21-34) who grew up in a digital era and are bringing their tech-savvy and nontraditional purchasing habits—for example, bypassing the middle man and working directly with the manufacturer—with them into the workplace. The impact on the future of industrial products purchasing may be among the most profound of any modern generation of buyers and provide a glimpse of the future.

The report surveys 1,500 buyers of industrial products who are between the ages of 21 and 70 in the United States. It captures a sector undergoing demand changes and channel shifts at a startling speed: 81 percent of buyers have purchased directly from manufacturers, up from 64 percent in 2015. Meanwhile, 75 percent of buyers surveyed have shopped at an e-marketplace, soaring from just 20 percent in 2013. What's more, 80 percent of buyers are likely to shift to suppliers with a more user-friendly web presence, up from 72 percent two years ago.

"With e-commerce, industrial buyers can choose from numerous suppliers with the click of a button, leaving the traditional business-to-business distributor model threatened," says Matthew Guffey, vice president of UPS segment marketing. "Maintaining the status quo, even just for now, is

not an effective solution. Distributors have to up their game."

The paper identifies four main ways for distributors—including those with smaller ambitions or limited funds—to remain competitive and offers solutions to reach young corporate buyers where and how they want to interact:

**1. Recognize rising threats.** It is imperative to consider strategic investments that bring services to parity with competitors. The paper finds that more than half of respondents working primarily with distributors intend to increase e-marketplace spending, representing a looming risk to distributors.

**2. Think digital.** Online channels are a necessity and distributors need to strengthen e-commerce capabilities, particularly for mobile ordering. Thirty percent of corporate buyers use mobile channels to order industrial products, and 24 percent are "extremely likely" to do so in the future. Nearly half of all buyers—and 69 percent of millennials—indicate they would likely shift business to a distributor offering a mobile app.

**3. Address buyers' needs by product.** Partnerships can help make businesses more competitive. Look into purchasing insurance on products and shipments to mitigate risk and to help protect and improve cash flow; leverage a logistics provider's global network to ramp up service more quickly and reach more pockets of growth.

**4. Go beyond the sale.** Buyers want interaction beyond the sale (i.e. post-sales support), with half of respondents stating they would switch to a supplier offering assistance with returns, training, and on-site maintenance or repairs. Thirty-six percent of millennials need services at least once monthly, compared with just 8 percent of Baby Boomers, according to the study.

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# Here's Comes the

## BRIDAL WEAR SUPPLY CHAIN

Made-to-order bridal gowns, drop-dead dress deadlines, and emotional brides create a unique supply chain that's no honeymoon to manage.

By Sandra Beckwith



At the end of nearly every week at the David's Bridal distribution center in Bristol, Pennsylvania, employees scramble to find a wedding gown in the "right" size for a bride (or two, or three) who bought a dress that was too small because she was certain she'd lose weight before the wedding . . . but didn't.

It's just one aspect of the bridal wear supply chain that makes it unlike any other segment of the apparel industry.

"This industry is both emotional and time sensitive," says Diane Garforth, senior director of supply chain systems and operations at David's Bridal.

Another key difference between bridal wear and other types of formal attire is that for the most part, bridal gowns are not mass produced and warehoused. While the supply chain varies according to gown price and sales volume, most wedding gowns are made to order. Compare that to other apparel categories, where a customer walks out of the store with a garment in the right size from the retailer's on-site inventory.

With bridal gowns and bridesmaids dresses, and with the exception of David's Bridal, brides and their wedding parties try on dresses in "sample sizes," make their selections, and order the finished products.

There are three reasons behind this unique approach:

1. Wedding gowns are expensive—think \$500 on the low end at David's to \$5,000 or more at the designer level—so most small retailers can't afford a large inventory.
2. Bridal wear takes up more storage space than other garments that can be folded and stacked, so a substantial inventory requires a large retail footprint.
3. While 85 percent of bridal gowns are purchased in ivory or white, bridesmaids dresses are available in a myriad of colors, so maintaining all options in all sizes isn't practical.

David's Bridal is different, though. The chain retailer dominates the market with volume levels so significant that

the company reports 35 percent of all U.S. brides walk down the aisle in a David's gown. As a result, and with hundreds of dresses at every David's store, there's a good chance that a bride will find the gown she wants in her size at her local David's shop.

Unlike the rest of the marketplace, which is made up of primarily small, independent retailers, David's volume allows it to constantly manufacture dresses. When a wedding gown leaves a store, the store orders a replacement that is already in the supply chain somewhere.

When the specific gown requested isn't on site, the store's bridal consultant uses software to locate exactly what's needed to satisfy that customer.

"Our software matches that request for a single inventory unit to a dress that might be on the shelf in the distribution center or in transit on a truck or a ship," says Brian Kinsella, vice president of product management at Manhattan Associates. The Atlanta-based company has provided David's Bridal with supply chain commerce software solutions for more than one decade.

### Setting the Date

The more common manufacture-to-order model unique to this industry also explains why brides must make their dress selection months before the wedding date. Kleinfeld Bridal, the upscale bridal boutique in Manhattan that stars in the TLC

## Unveiling the Numbers

- Bridal wear was a \$2.9-billion industry in 2016.
- Bridal gowns and bridesmaid dresses comprise three-quarters—77.8 percent—of the industry's products and services.
- David's Bridal dominates, with 26-percent market share.
- There were 5,306 bridal stores in 2016; most are small, independent retailers. More than 300 of that total are David's. Bridal shops.

network reality show *Say Yes to the Dress* instructs brides at its 35,000-square-foot showroom to order gowns eight to 10 months in advance.

Designer/manufacturers typically don't purchase a bolt of fabric until they accumulate enough orders to use the entire bolt. In addition, "At our designer price point, there's a lot of work that takes time, including appliquéing and bead work that we do by hand," explains co-owner Mara Urshel.

The Manhattan store does work with vendors that can deliver in three to four months, but those suppliers charge a premium for that service. Consultants show brides with short weddings in just a few months dresses only from those manufacturers.

Fabric and embellishment sourcing as well as factory location also impact the dressmaking timeline. Most U.S. wedding gown manufacturers contract with overseas factories for all but the extreme rush orders or premium-priced gowns with higher margins.

"You can handle standard and rush orders in overseas factories, but for super-rush orders, some wholesalers carry a limited factory capacity in the United States so the gowns can be sewn and delivered quickly," says Ajay Chidrawar, vice president of global

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product management and customer success at CGS, a software solutions provider based in New York City.

Several bridal wear manufacturers, including Bill Levkoff and Amsale, use the company's *BlueCherry* supply chain software, which can create digital catalogs of bridesmaid dresses in all colors and options, capture sales orders, consolidate and create production orders, and manage fulfillment from the factory to the retail store or consumer's home.

### Made of Honor

Brooklyn-based gown designer Jaelyn Jordan of Jaelyn Jordan New York uses home-based metropolitan New York seamstresses to create her wedding gowns. Because she uses fabric that's usually readily available from New York's garment district, she can fill orders in about three to four months. Labor availability is a key factor in her timeline.

"We have only so many manpower hours we can use every week," she says of her contract seamstresses. Jordan's dresses, which are priced between \$1,700 and \$5,500 at retail, are offered in about 20 bridal salons in the United States and Canada.

Anomalie, a web-based start-up that wants to help modernize an industry that hasn't changed much in decades, can match Jordan's three- to four-month delivery timeline but with a different production model. With a supply chain background at Nike and Apple, co-founder Leslie Voorhees fills online orders for "stunning custom gowns" that are manufactured in a handful of factories near Shanghai. There, "an entire supply chain is built around" wedding dresses that are often made of Chinese silk, Voorhees says.



## Say Yes to a Rented Dress

Taking a cue from men's formalwear, bridal wear disruptor Kelsey Doorey is saving individual bridesmaids a few hundred dollars on dresses by allowing wedding parties to rent, rather than buy, their dresses.

"Men figured this out years ago," says Doorey, the CEO and founder of Vow to Be Chic, a Southern California-based online service with 10,000 bridesmaid dresses renting for \$69 to \$99 each. With the average you'll-only-wear-it-once-regardless-of-what-the-bride-says dress costing \$234 plus alteration charges, this can lead to significant savings for the "always a bridesmaid, never a bride" wedding attendant. Each bridesmaid receives her dress in two sizes and a pre-paid return shipping label two weeks before the wedding date.

Reverse logistics are a significant part of the business. Returned dresses are inspected and triaged accordingly, moving into the queue for dry cleaning pickup or to the onsite tailors for repairs. Each day, a dry cleaner picks up returned dresses while dropping off cleaned garments that are whisked back into inventory for another rental.

The company's biggest supply chain challenge, says Doorey, is that there aren't many companies, other than Rent the Runway or Le Tote, with a similar process involving a 100-percent return rate.

"There aren't a lot of companies we can talk to and learn from," she says. As a result, the company uses proprietary software to track each item throughout the supply chain.

On the other hand, the peculiarities of the "outdated industry" work to her advantage. The company doesn't have to worry about whether it has the right combination of dress sizes for a bridal party because brides typically select the bridesmaid dresses around the same time they order a bridal gown—and that happens months before the big event.

"If we have only nine of the 10 dresses, we can order that last dress and get it into inventory on time because they plan so far in advance," Doorey says.

In the end, she notes, hers isn't a fashion business.

"We are an operations and logistics company," Doorey says. "We want to rent these dresses as many times as possible."

**Bridal wear makers use CGS's BlueCherry solution to create digital catalogs of bridesmaid dresses in all colors and options, capture sales orders, consolidate and create production orders, and manage fulfillment from the factory to the retail store or consumer's home.**



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“We are unapologetically Chinese-made,” she says.

Although Anomalie’s business is online, its gowns are delivered not to the brides, but to the company’s office in the San Francisco area. Staffers inspect, steam, and box them for delivery to brides.

Most bridal gowns are shipped to stores flat, though. Stores steam them before their new owners pick them up. While David’s Bridal vacuum-packs wedding gowns for delivery to stores from the Bristol distribution center, it handles bridesmaid dresses differently. They’re delivered from factories to a second warehouse in nearby Conshohocken, hung up, and moved through a steam tunnel before they’re packed flat for store delivery.

The goal for David’s, Kleinfeld, and most every other bridal salon large and small is to make, and keep, brides happy. A single glitch in an individual gown’s supply chain, whether it’s a fabric that’s suddenly unavailable in off-white or a weather-related shipping delay, can create a bridezilla quicker than you can say, “I do.”

And stuff happens.

“Nobody’s perfect. People make mistakes sometimes and the situation can become highly emotional,” says Urshel. On the rare occasion a problem occurs, Kleinfeld Bridal fixes it “in double time,” she says.

With a culture built around never disappointing a bride, David’s Bridal maintains a stellar 99.5 percent on-time delivery rate.



**When David’s Bridal receives bridesmaid dresses from the factory, it hangs them up and moves them through a steam tunnel before packing them flat for store delivery.**

“We are very proud of our performance,” says Garforth. “We do what it takes to keep our brides happy, even if that means sending another size at the last minute.”

The bridal wear supply chain is, after all, designed to ensure that when “The Wedding March” starts playing, and the guests all stand, the bride walks down the aisle wearing the dress of her dreams and a big smile. ■



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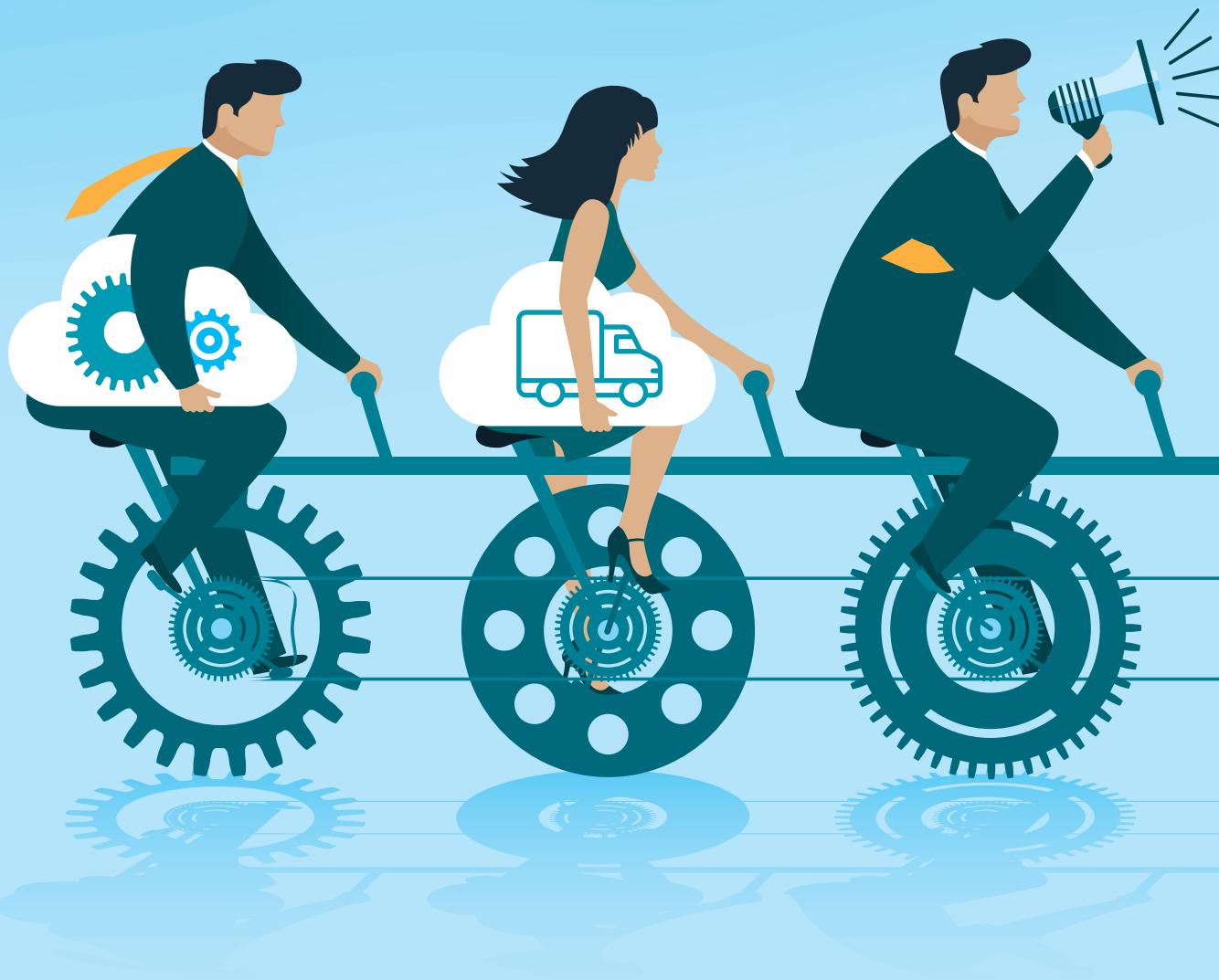
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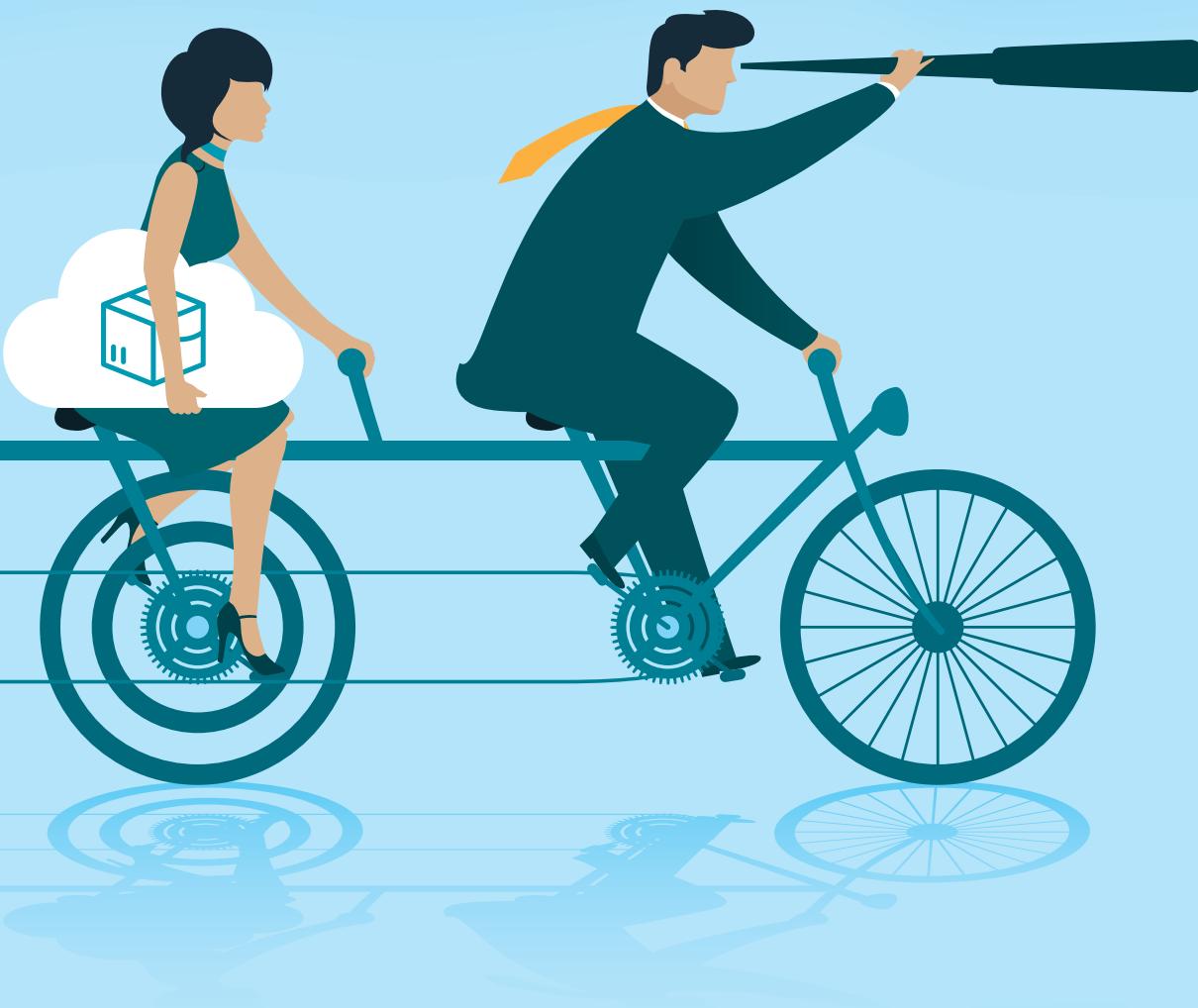
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# Supply Chain Collaboration: Working in Tandem



Successful supply chain collaboration between shippers and their third-party logistics providers requires transparency, honest communication, and a commitment to forming a true partnership with shared goals and values. Come along for the ride.

By Tom Gresham



**A** geographic divide was evident when Schofield, Wisconsin-based Greenheck Fan Corporation signed an outsourcing agreement with third-party logistics (3PL) provider Echo Global Logistics, which calls Chicago home. After the two organizations forged a deal for Echo to provide transportation management services for Greenheck's supply chain, individuals from both teams had to contend with the issue.

"The Greenheck team is humorously skeptical of big-city Chicagoans like us," says Mike Mobley, senior vice president of operations at Echo Global Logistics. "There's usually some good-natured ribbing when the Bears play the Packers."

Despite their differences on football team loyalty, the partnership between Greenheck, which manufactures and distributes air movement, conditioning and control equipment, and Echo Global continues to flourish as both strive to achieve the same goal: maximizing the effectiveness and efficiency of Greenheck's supply chain. Both organizations say the two companies complement each other naturally, and they enjoy both a cultural and a business fit. The result has been steady, ongoing progress and concrete gains for Greenheck's supply chain operations.

**Air conditioning equipment manufacturer Greenheck's successful partnership with Echo Global Logistics is based on strong commitment from both parties.**

Greenheck extended the original three-year agreement between the organizations to five. "The extension shows that Echo was not only a good fit for our business, but we also were a good fit for their business," says Randy Huebner, senior director of supply chain management for Greenheck. "Together, we made each other's companies stronger."

Supply chain partnerships can take on many forms and facets, and they also can experience widely varying levels of success. At the heart of a truly effective collaboration are two teams that are devoted to working together on a common cause, rather than operating on a foundation of self-interest. When the partnership goes right, the collaboration works seamlessly and supply chain efficiency gains can be profound and forever evolving. When the

partnership falters, unlocking efficiencies becomes an unsolvable mystery.

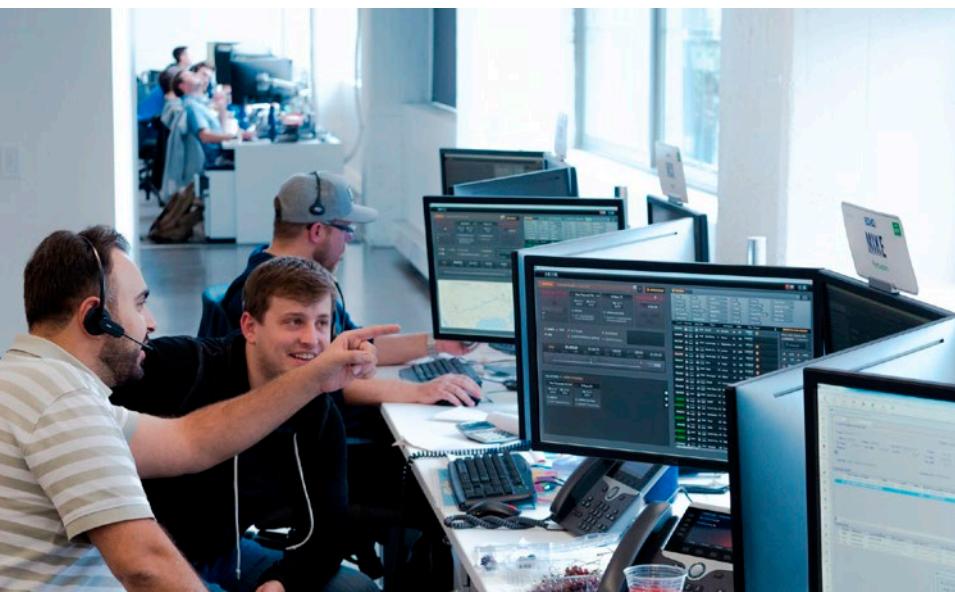
Service providers often need to first prove themselves to shippers before they can begin to target ambitious changes. That comes through "the integrity that you bring to the relationship and the value that you've brought previously, so you have the right to sit at that table and have that conversation," says LeAnne Coulter, vice president of supply chain solutions and procurement for Schneider National, a transportation and logistics provider based in Green Bay, Wisconsin.

"When it comes to transformational cost savings, continuous improvement, supply chain and network changes in order to help shippers meet their objectives, a 3PL has to be able to get to that place of having an open dialogue with each other," Coulter says.

### Part of the Team

Among the key components of identifying and achieving supply chain efficiencies is ensuring that the partnership between a shipper and a service provider is efficient. Two organizations operating at arm's length rather than in alignment makes it more difficult for the teams to work in harmony to identify and pursue truly effective solutions. In effect, inefficiencies in the partnership lead to inefficiencies in the supply chain.

A collaborative approach requires commitment from each organization. "Both parties must be willing to dedicate resources—financial, physical, technical and knowledge-based—with each party taking on risk to achieve mutual success," says Ashfaque Chowdhury, president of supply chain, North America and Asia for XPO



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Logistics. “It has to be a vested partnership where both sides have skin in the game.”

In January 2016, Agfa Graphics, a Belgium-based supplier to the printing industry, enlisted Kane is Able, a third-party logistics provider based in Scranton, Pennsylvania, as its solutions partner for its Northeast regional hub. One strength of the partnership has been that Kane treats “the Agfa business as if it were their own,” notes Jonathan Ashton, Agfa’s vice president of operations for North America.

“Kane constantly reinforces the desire to improve and appreciate their customers—treating them like family,” Ashton says.

Similarly, the Greenheck/Echo Global partnership is based on shared goals and values. “There was positive chemistry from the start,” Huebner says. “We knew that Echo’s culture and people and what they

value as an organization was similar to ours.

“We shared the concept that they would be an extension of our company,” he adds. “We look at Echo as part of our transportation department and not as a company we’re outsourcing transportation management to.”

#### A Case of Evolution

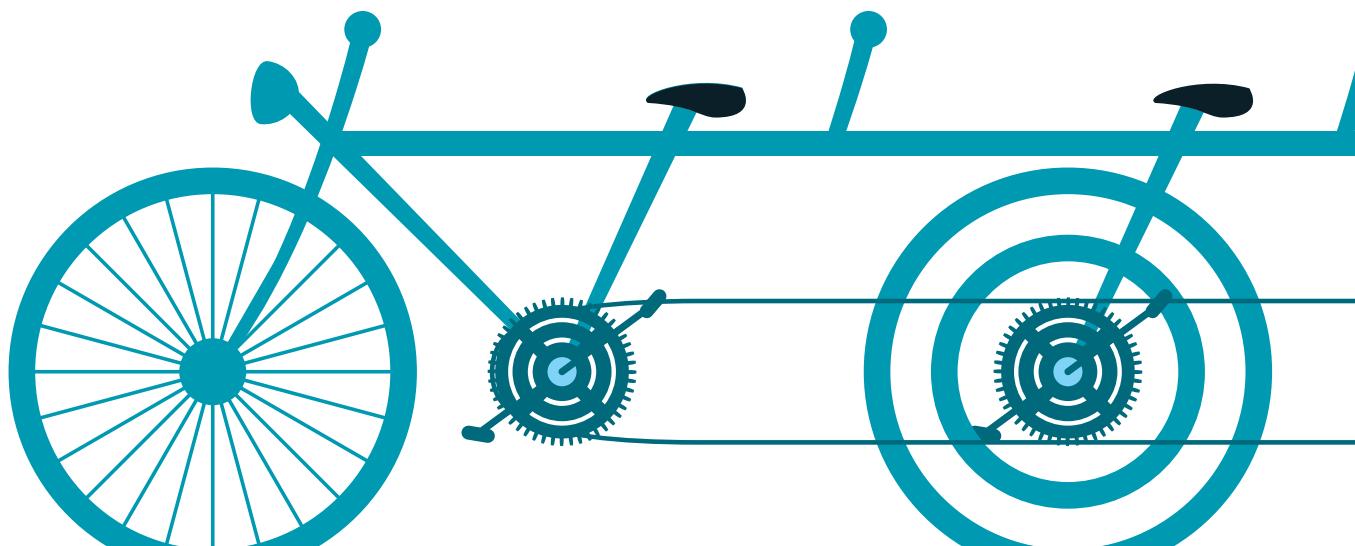
When Greenheck partnered with Echo Global, it knew that it needed help evolving its operation. One key challenge was that Greenheck was struggling to nail down the freight costs of each business unit. In some cases, multiple sales orders with delivery groups from multiple business units could end up on the same truckload and “it would get messy,” Huebner says.

Echo Global worked with Greenheck to improve its interface to better gather freight

costs and allocate them to the individual business units.

“Greenheck now has much better visibility to understand profitability on products and on business units,” Mobley says. “Any company running multiple business units and multiple products wants to know which ones are most profitable. Of course, freight costs can be a pretty good line item. Without good analytics and appropriate allocation of those freight costs to those business units and products, you’re just guessing.”

Another major obstacle to efficiency was that Greenheck was unable to determine the exact location of a shipment when it was en route, making it difficult to communicate with its sales team and rep network the status of a shipment, such as whether it was running on time. Echo



## Finding the Right Partner for Your Ride

Searching for successful supply chain collaboration is not necessarily as simple as taking an overarching view of potential partners. Two organizations that appear to be a great fit may prove otherwise, while two others that seem ill suited may be an ideal match. Still, shippers should study some key considerations when searching for the partner that will add the most value to their supply chain operation.

“We looked at choosing a 3PL the same way we look at recruiting an employee,” says Randy Huebner, senior director of supply chain management for Greenheck Fan Corporation. “You look for a certain type of person – what skills and experience they have. You also look for a cultural fit. To me, and to our organization, that’s very important. A cultural fit needs to be front and center as part of the selection process. You can have all of the tools and services that most 3PLs have, but if the people don’t interact well, it’s not going to be an effective partnership.”

Shippers should speak with companies already working with a potential 3PL partner to get a clear feel for how their collaborations have worked in practice, recommends Mike Mobley, senior vice president of operations at Echo Global Logistics.

“Other customers will be able to attest to a third-party provider’s culture,” Mobley says. “They can also confirm that the 3PL has adequate resources to offer the kind of analytical work that can help an outsourcing company better understand how to improve its supply chain.”

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**A Kane facility in Scranton, Pennsylvania, serves as Agfa's national distribution center. The 3PL receives and processes orders in real time, and ships them to other Agfa locations and direct to customers both regionally and nationally.**

Global provided the digital interface and proper tool set to track that information and Greenheck now enjoys marked improvement in shipment visibility. The project was less about Echo Global applying a solution and more about Echo Global and Greenheck working in tandem to identify and implement a new solution, Mobley says.

The new data Greenheck can access has been critical. "Being able to provide good data for our business unit leaders to make fact-driven decisions is important for us and has led to better decisions," Huebner says.

### Partnering in Distribution

Kane's distribution center in Scranton, Pennsylvania, serves as Agfa's national distribution center. The center receives inbound products from Europe and Agfa's manufacturing site in Branchburg, New Jersey, as well as from third-party vendors and transfers from network distribution centers, according to Alex Stark, senior director of marketing for Kane is Able.

Agfa's line includes products such as lithograph aluminum plates, inks and cleaning chemicals used in print media. In addition, the Agfa product portfolio features materials for printing, such as banner rolls, foam boards, aluminum boards and signage. At the Scranton distribution center, Kane stores and distributes large printers, racking, stackers and other

equipment that Agfa employs for retail, demo rooms and trade shows.

The partnership between Kane and Agfa allows for streamlined, efficient distribution of products throughout the country. The distribution center receives and processes orders in real time and ships them—using full truckload, less-than-truckload, courier, and parcel—to other Agfa locations and direct to customers both regionally and nationally.

"The distribution center operations even include performing customer-specific board material cuts using a vertical Hendrix saw, as well as building and repairing crating material for the larger printers and equipment that ships internationally to Agfa customers," Stark says.

Well-honed coordination between Agfa and Kane has led to products passing through the distribution process with improved speed and lower costs, along with a customer-first focus and improved flexibility to meet business needs. "Because of this experience, Agfa is looking to expand our relationship with Kane to other regions of the country," Ashton says.

### Communication Breeds Contentment

Transparency and strong communication channels are critical components of an effective supply chain partnership. It is important that the communication goes both ways.

"The best strategic partnerships are based on transparent collaboration," Chowdhury says. "For the customer, that starts with being open and honest about the realities of its supply chain, the needs and challenges, and the reasons for partnering with a 3PL.

"For the provider, it's the same: being flexible and committed to deliver its plan for the customer to achieve its goals," he adds.

### Healthy Tension

The best relationships feature "a healthy tension, where I can sit across from my customer and say here's where I think you're missing out on some cost savings or service improvements," Coulter says. In return, she adds, "we need to be open to receiving feedback, where we're hitting the mark and where we're a bit misguided. We want the customer to feel that it's OK to have that conversation."

Clear communication not only can prevent misunderstandings but it also ensures that supply chain partners have a clear view of a shipper's needs and desires and can tailor its services to meet them, while remaining aligned with the shipper's objectives.

When the communication clicks and produces concrete results, it can lead to long-term collaborations. "You don't want to look for another partner when things are going well," Huebner says. "You just want to keep that relationship going." ■



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**A SMARTER PATH TO GROWTH**

## Companies and their supply chains have found a powerful new strategy for driving profitable growth brick by brick – the plug-and-play supply chain. **Here's how it works.**

By Lisa Harrington

**L**ears of growth, merger and acquisition activity, changing customer markets, and globalization have taken their toll on supply chains. “Instead of operating a concise set of ‘configurable’ supply chain segments, many organizations wrestle with a web of complex and overlapping or underdeveloped supply chains,” says Accenture in a recent research report.

A DHL Supply Chain survey of 350 companies on supply chain structure and strategy bears this out. Thirty-two percent of respondent firms report operating more than 10 discrete, ‘one-off’ supply chains. Other studies cite even higher numbers.

The problem with this complexity is that it creates a web of disconnected, cumbersome, high cost, and full of waste supply chains. It hampers companies’ ability to respond to real-time market dynamics, and exposes them to quality gaps and performance failures—all of which threaten competitiveness.

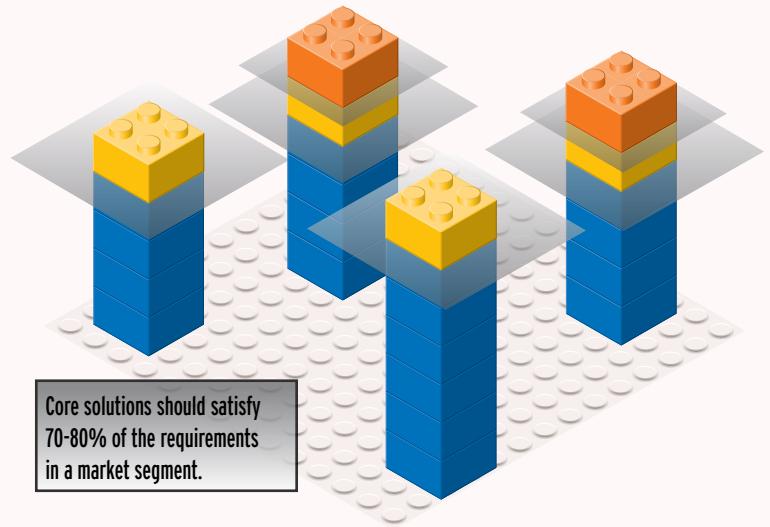
These realities have sparked new interest in streamlining supply chains through two methods: segmentation and standardization, but not the practices of five or 10 years ago.

Thanks to advances in big data analytics and visibility, organizations can now create cost-effective, agile supply chains built on intelligent, data-driven decisions around customers, markets, and, importantly, profitability. This emerging model is called the plug-and-play (P&P) supply chain, and it is gaining traction worldwide.

## THE PLUG-AND-PLAY SUPPLY CHAIN

### What is it?

- Core, standardized, easily replicated solutions, augmented by standardized bolt-ons
- Two key building blocks:
  1. Smart segmentation
  2. Standardization



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**T**he P&P supply chain is a simple concept. It comprises a set of core standardized, easily replicated solutions, augmented by standardized, process-proven bolt-ons that are tailored to unique segment or market needs.

The easiest way to visualize P&P is in the context of Lego blocks. The core supply chain consists of blue blocks that form the foundation/majority of the construction. The bolt-on options are yellow, light blue, and grey—far fewer in number—added atop the blue foundation. These alternate colored building blocks are limited in number of colors, and standardized within their own color.

“The idea is to create configurable base-case solutions that satisfy 70 to 80 percent of a market segment’s requirements,” explains Gary Keatings, vice president solutions design, DHL Supply Chain. “Then add optional plug-ins that provide solutions based on unique customer requirements.”

The first step in creating a P&P supply chain is smart segmentation.

All companies segment their supply chains—at least to some degree. Traditionally, though, they based their segmentation on general attributes such as customer type, products, divisions, geographies, and channels. This approach remains in wide use, according to the DHL survey (see Figure 1).

Segmenting by such broad categories, however, has its drawbacks. “It’s

essentially a blunt instrument,” notes Richard Sharpe, CEO of Atlanta-based consultancy Competitive Insights.

When companies segment by product and customer, for example, they typically do so based on aggregated characteristics or data. They may segment by revenue or by some form of cost or profit allocation, and they may apply a standard margin. Or they simply segment by region. “But there’s no precision in their decision-making because the information they’re basing decisions on is not precise,” Sharpe insists.

As a result, two different customers buying the exact same products may generate wildly different profit contributions. And no one knows why.

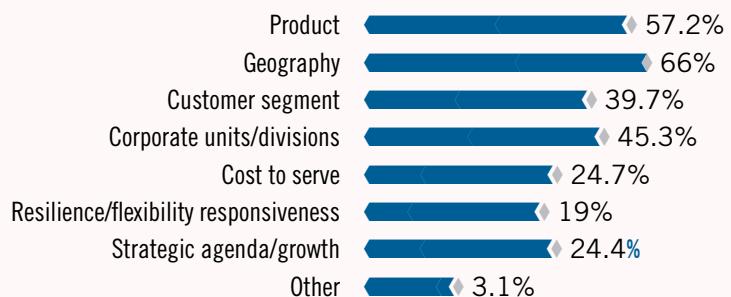
Next-generation segmentation tackles this problem of managing by aggregates and averages. “We can now drill down to accurate profitability by SKU, by customer, and by channel to

see the drivers of profitability and the root causes of unprofitability,” Sharpe explains. “This provides the data needed to make smarter segmentation and standardization decisions.”

**S**egmentation looks at the true cost to serve,” notes Tom Kroswek, group director for supply chain solutions, innovation and product development, for Ryder, a third-party logistics provider based in Miami. Cost to serve includes all the logistics expenses—inventory, storage, processing, transportation, handling—involved in distributing a product.

“Good warehouse and transportation management systems feed this information into an analytics platform, which allows companies to calculate logistics cost to serve by customer and by SKU,” Kroswek says.

FIG. 1 How Are Your Supply Chains Organized/Segmented?



Source: DHL Supply Chain, 2016

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Other critical data, coming from the company's enterprise resource planning and, if applicable, point of sale systems, complete this cost and profitability picture. "You need to collect data from all four sources, which are usually separate and siloed," says Sharpe. "Then cleanse the data and translate it into a single version of the truth—a single picture of profitability."

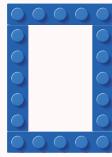
"Most companies have the data, but they don't look at it holistically," Kroswek notes. "Instead, they make sales-driven decisions based around sales volume and promotions."

"The sales force is doing what they think is best—selling everything to everyone," he adds. "They may make special logistics arrangements for a customer who placed a big order. But if the company doesn't understand the cost to serve by SKU, it may have made a decision that actually loses money."

In this journey to smart segmentation, big data analytics often produce startling findings. For example, when one consumer products company mapped the number of customer delivery locations against how much they contributed to total profit, it found, much to its dismay, that 95 percent of its delivery locations are only marginally profitable.

Further, the five percent that are profitable represent 80 percent of the group's profits (see Figure 2).

Armed with these insights, the company worked with its customers to adjust order and delivery parameters to be more cost effective while still maintaining service levels. Although the reconfiguration is still underway, the company is steadily increasing customer profitability.



Once companies segment their supply chains, the next task is to standardize them, doing so across people, process, and technology. The idea is to create repeatable supply chain components and solutions that are finely tuned to drive profitability.

Because they deal with so many types of supply chains, third-party logistics (3PL) providers are on the forefront of adopting this standardization strategy.

"We realized that although the processes we had developed to service our customers were working at peak efficiency, our methodologies and services were difficult to scale—for us and for our customers," says Keatings. "It was taking all of our effort to manage the existing

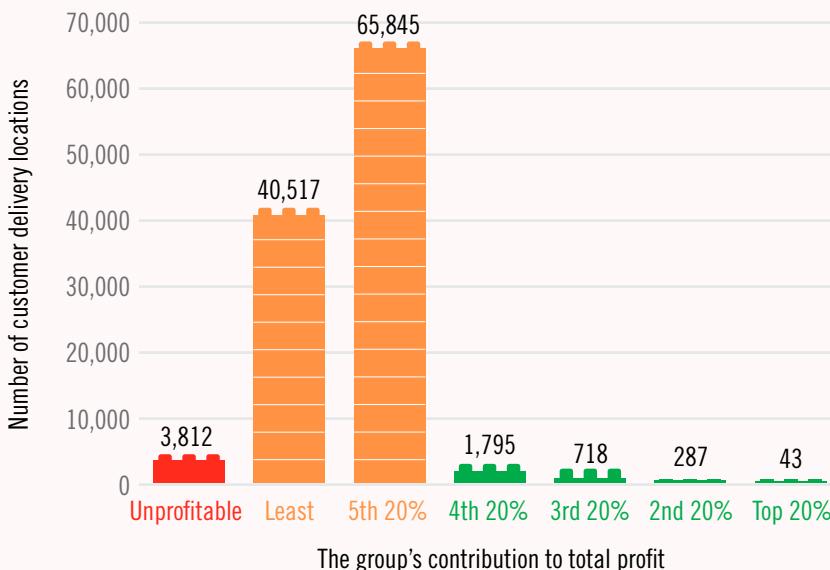
complexity in our business. We had to find a better way."

DHL's biggest challenge was solving the same problem repeatedly and not creating an institutional corporate memory of best practices. So, it conducted an extensive review of its best-in-class customer sites, and mapped what "good" looks like. It used this information to create a process library for two streams—one for physical processes and a correlating one for systems/IT.

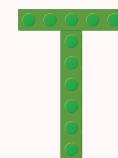
From this exercise, DHL created a core operating template—with a physical and an IT solution—that solves for the most common supply chain requirements. It then compares a new customer's requirements to that template, assesses how much of the supply chain fits the template and how much doesn't, and develops a solution that solves for the right mix of standardization and customization.

"In the supply chain mapping process for a new customer, we may find there is an 85-percent match to three of our existing customers' supply chains," the DHL vice president explains. "We then figure out what the next 10 percent of tailored, but standardized, plug-ins should be. Finally, we solve for the 5 percent of truly unique challenges on top of that. The key is starting from that 85-percent fit."

FIG. 2 Customer Segmentation by Exact Profit Contribution



Source: Competitive Insights, 2017



The potential benefits of adopting a P&P supply chain strategy are significant, as Dell proved.

According to a case study in MIT's *Sloan Management Review*, Dell re-engineered its global supply chain using smart segmentation and standardization. The results:

- 37-percent improvement in product availability
- 33-percent shorter order-to-delivery times
- 30-percent reduction in freight costs for notebooks
- 30-percent reduction in manufacturing costs.

Similarly, companies in the DHL survey expect big wins in efficiency, cost reduction and agility (see Figure 3).



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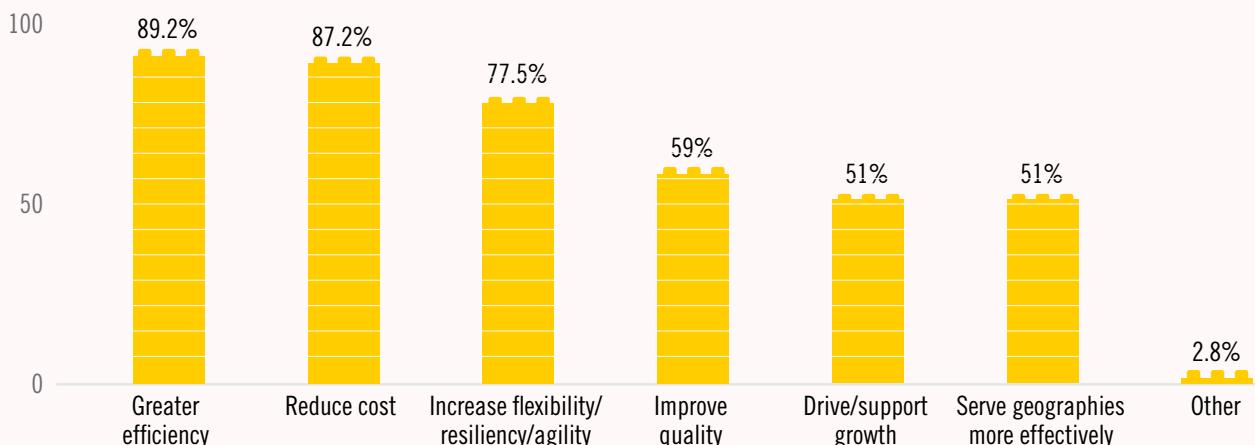


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FIG. 3 Expected Benefits of Full P&P Implementation



Source: DHL Supply Chain, 2016

Implementing a P&P supply chain strategy is not easy. For many organizations, it flies in the face of how they perceive their company and its operating model.

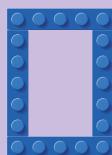
“People have gotten used to thinking that their company, its supply chain, products, and customers are special, unique and different,” says Keatings. “They’re reluctant to change over to this new strategy because they’re worried execution will break down in some way.”

Add to this the fact that the cost to change can be significant. “If you move over to the blue ‘Lego platform’, you switch off existing infrastructure and may require a new or different infrastructure,” the DHL vice president notes. “Most people are not keen to invest in long-term supply chain projects. They’re looking for quarter-by-quarter savings from their supply chain. So, no one wants to own that longer-term investment.”

The bottom line: analytics-driven supply chain segmentation and standardization, successfully implemented, can increase an enterprise’s profit, and repeatedly.

“Enormous money is at stake,” says Sharpe. “If I can make just 10 percent of my marginal customers more profitable, I can increase my profitability without selling a single additional product. And that is huge.” ■

## P&P on the Block in India



One global medical device company has been working on intelligently standardizing and segmenting its supply chain for specific markets—not just to reduce costs, but also to fuel growth. “Our underlying premise is that we create supply chain elements that are standardized and thus interchangeable,” explains the company’s supply chain director. “Then, we can easily tweak the supply chain in question to fit specific markets.”

The company tested this strategy in India, one of its target high-growth markets. “We devised two different supply chains to serve India—one for premium and one for generic medical devices,” the director says. “While these two supply chains were similar in many respects, they were adjusted to offer a different array of products and services to people of different incomes. This was crucial to making our company competitive in the Indian medical technology market.”

One supply chain serves the “elite” market, distributing premium products at premium price points. The higher margins and profitability on these products allow the company to provide a higher level of service to its customers.

At the other end of the spectrum—the “generic” Indian market segment—the manufacturer built a supply chain capable of handling lower-price-point products consistently and efficiently—at a cost structure commensurate with the product price profile. “We used the same warehouse for both price points—and were able to gain economies of scale simply by creating a value-adding capability within that warehouse,” the director notes. “So, we optimized our network but still served both spectrums of customers.”

The bifurcated supply chain strategy for India paid off for the medical device maker. Cost-to-serve was appropriately attuned to each market segment. This enabled the manufacturer to compete effectively and profitably in both segments—and win market share in India’s fast-growing market.

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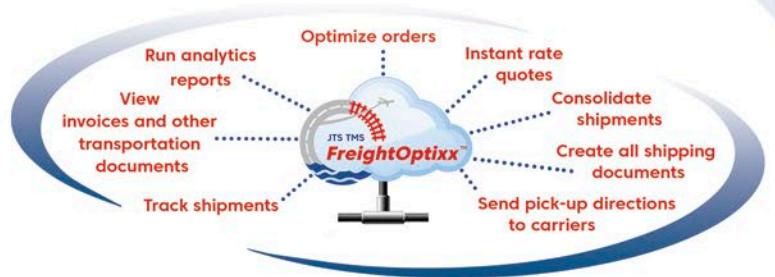
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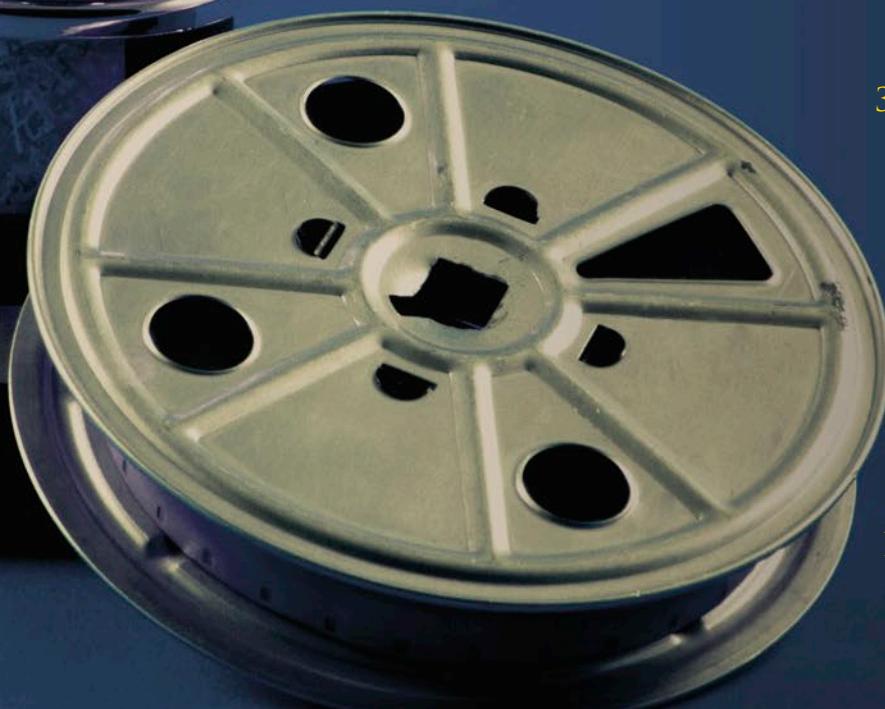
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# **3PL CHANGE AGENTS**

By Merrill Douglas

**W**hen you need to make a change, sometimes it takes a push from outside to steer you in the right direction.

That's frequently the case with shippers and their supply chains. A company might need to upgrade its processes to meet new customer requirements. It might have to scale up its logistics operations to accommodate growth. It might need to move product faster without incurring unsustainable costs. And if it doesn't have the knowledge or resources to implement those changes on its own, it calls in a third-party logistics (3PL) provider.

When a 3PL has deep experience, extensive market connections, and effective technology, it can foster change in ways that a shipper can't when it operates solo.

"We probably couldn't do that if we hadn't been managing logistics for the past couple of decades, and we didn't have deep vertical expertise in the community of suppliers that ultimately serve the same end customer," says Frank McGuigan, president and chief operating officer at Transplace, a 3PL based in Frisco, Texas.

But Transplace works with more than 20,000 carriers and a host of technology providers, it operates powerful technology of its own, and it helps many shippers meet the same requirements for mutual customers, such as the instructions laid out in retail routing guides. "Our market and operations knowledge is probably greater than an individual shipper's knowledge," he says.



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**Pura Vida used to fulfill orders of the string bracelets it imports from Costa Rica. But when shipment volumes exploded, the company turned to Saddle Creek, which now handles inventory management and order fulfillment from its San Diego DC.**

So, for example, when a major retailer changes a service performance metric from “must arrive by date” to “on time, in full,” Transplace manages that change for its customers who serve that retailer. “The customer asks us to help dissect that metric’s major components, and to lead the change conversation with the carrier community on how we’ll work together to achieve that new way of measuring,” McGuigan says.

The situation is similar when a retailer asks suppliers for better status updates. “Transplace works with freight visibility solutions developers MacroPoint, 10-4, and other companies to provide the technology that allows us to get a better, cleaner, more timely status update,” McGuigan says.

Those initiatives involve incremental change. In other situations, when a company engages Transplace for the first time, the 3PL plays the classic role of change management agent, talking with stakeholders throughout the shipper’s organization to explain the vision that’s driving the change.

“Nobody is better at articulating the vision than the people who are coming in to do it for the company,” McGuigan says. Top management introduces the vision, and then the 3PL fills in the details on how the change will occur and the benefits it will bring.

### **Owners Get Back to Growth**

Pura Vida Bracelets, an e-commerce and business-to-business (B2B) company that sells bracelets, clothing, and accessories, called on a 3PL to help with changes it required to keep pace with rapid growth.

Griffin Thall and Paul Goodman

started small when they first imported handmade bracelets from Costa Rica in 2010. While enjoying a post-college graduation trip, the two friends met a pair of bracelet artisans and liked their work so much, they commissioned 400 units to take back to California for sale.

Displayed in a bowl at a boutique, the string bracelets sold out in days. Based on that success, Thall and Goodman founded Pura Vida. Today, the company provides income to more than 150 artisans in Costa Rica.

For nearly three years, Pura Vida fulfilled all its orders from its headquarters in La Jolla, California. But the enterprise wasn’t so small anymore, and success brought growing pains. “Everyone here was unhappy because of the amount of work,” says Goodman. “Every day, we focused on how to ship products instead of how to market and get more orders.”

It took a 3PL to handle the growing volume of shipments, freeing Pura Vida’s owners to concentrate on promoting further growth.

In 2014, Pura Vida outsourced its fulfillment to Saddle Creek Logistics Services, based in Lakeland, Florida. When Saddle Creek took over the operation, Pura Vida was shipping about 200 orders a day, Goodman says.

“Pura Vida was able to handle that. But as they saw business starting to grow, especially during the holiday season, they just couldn’t do it anymore,” says Charles Puzder, director of fulfillment at Saddle Creek’s San Diego facility. “And they didn’t have space to stock inventory or for people to work.”

Saddle Creek now handles all of Pura Vida’s inventory management and order fulfillment in San Diego.

The 3PL receives shipments of products from Costa Rica, puts them into inventory, processes e-commerce and B2B orders, and ships them to customers via DHL or FedEx. The team also assembles orders for a subscription service Pura Vida recently launched.

### **IT Links Up**

Before Saddle Creek could take over, the 3PL and Pura Vida had to link their information technology systems so Saddle Creek could receive orders.

“We worked with Saddle Creek to barcode all our products and decide how they would pick, pack, and ship them,” Goodman says. “Then we packed up our facility and brought everything to the San Diego DC. It was a big job.”

Today, when Pura Vida receives an order, its e-commerce site transmits the data to its enterprise resource planning system, which takes the purchased items out of inventory. The process then pauses for one hour, giving the customer time to make a change or update the shipping address.

“Then the order is automatically transmitted to Saddle Creek,” Goodman says. “Saddle Creek’s system decrements their inventory, and they pick, pack, and ship the order.” Orders received before noon go out the same day.

Because a single string bracelet is too small to hold a label, Saddle Creek developed a method for affixing a barcode. “We ship them bundles of 100 bracelets,” Goodman says. “On the outside of that bag is the barcode and the SKU number.”

Pura Vida currently has about 1,200 SKUs. The difference between two multi-colored bracelets might be

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**European Wax Center, one of the fastest growing beauty lifestyle brands in the United States, partnered with XPO Logistics, which provides inventory control, order preparation, and fulfillment. XPO uses its proprietary technology to manage inbound goods receipt, storage and restocking, warehouse management, picking, packing and shipping.**

a matter of a single color, so keeping track of those SKUs when filling orders is no easy matter. But Saddle Creek's accuracy rate for Pura Vida is 99.995 percent, Puzder says.

Along with the number of SKUs, fulfillment volume has grown tremendously since Pura Vida started working with Saddle Creek. "We average about 2,000 orders on a normal day," says Puzder.

Demand for the subscription service is pushing those numbers up quickly. "We hit 25,000 orders in May 2017, just for the subscription service," he says. "We've had to expand our labor pool and start a regular second shift."

Volumes go even crazier during the holiday season. In 2015, Saddle Creek shipped about 40,000 orders for Pura Vida during the five days that started on Black Friday. "In 2016, we did nearly 100,000 orders," Goodman says. "This year we could see close to 170,000 orders."

As holiday volume increases each year, Pura Vida and Saddle Creek have learned the value of early preparation.

"In the past, we started talking to Pura Vida in September," Puzder says. "Last year, we backed that up one month to August. This year, we began discussing Black Friday preparations in May." With so many orders expected, the companies need more time to bring in product, shipping materials, and marketing inserts and to prepare and train additional workers.

The efficiencies that Saddle Creek brings to the partnership help Pura Vida provide better customer service. "It used to take up to three days to ship every order," Goodman says. Now, most orders go out within 24 hours, and many on the same day. Shipping

accuracy has also improved, thanks to the addition of barcodes.

Moreover, outsourcing leaves Pura Vida free to concentrate on mission-critical activities. "It has allowed us to focus on marketing and growing the business, rather than growing our fulfillment and warehouse logistics," Goodman says.

### ***Waxing Dynamic***

Like Pura Vida, European Wax Center (EWC) in Hallandale Beach, Florida, has enjoyed the sort of rapid success that's hard to keep up with on your own. But unlike Pura Vida, EWC is a brick-and-mortar operation—a national chain of salons where customers enjoy skin care treatments. As EWC rapidly adds franchise operators and customers, a 3PL provides the logistics power to put beauty products into their hands.

EWC was founded in 2004 and started operating franchises in 2008. Today, it operates more than 600 centers, with another 200 franchise locations under development. "For the past several years, EWC has grown at more than 25 percent, year over year, and has averaged more than 80 store openings annually," says Jon Biggert, the company's vice president of supply chain.

Customers who frequent EWC's centers may also purchase products for at-home grooming and skin care.

In 2015, EWC contracted with XPO Logistics of Greenwich, Connecticut, to manage the distribution of product to its salons. XPO first started the operation at two DCs, a multi-tenant facility in Portland, Tennessee, and a single-customer facility in Sparks, Nevada. In May 2017, XPO added a 40,000-square-foot facility for EWC in Camp Hill, Pennsylvania, a move that

cut transit times to wax centers in the Northeast and Mid Atlantic by one day, reducing the need for safety stock at these locations.

EWC migrated to XPO from another 3PL because it wanted additional services, including freight audit, parcel consolidation, promotional activity execution, and an ordering portal for franchisees. XPO impressed company officials with its focus and investment on technology, Biggert says.

Each of the three XPO DCs performs receiving, storage, picking, packing, kitting, and shipping. "XPO also provides a dedicated transportation team that negotiates our carrier agreements, audits freight bills, and investigates any delivery exceptions," Biggert says.

XPO helps to strengthen EWC in several important areas. For example, the custom-designed order management portal promotes brand consistency.

"We felt that XPO's platform would provide Amazon-like simplicity when franchisees placed their product orders, while maintaining the elegance and beauty of our new Strut 365 product portfolio," Biggert says. "While the freight and audit services provide EWC with a cost control instrument, the parcel consolidation allows us to deliver savings to our franchise network."

Also crucial is XPO's ability to build product kits to support various promotional campaigns.

XPO's scalable systems support EWC's rapid growth by helping the company manage its business in real time. "XPO's order management system and reporting module provide the necessary transparency into DC operations to properly manage inventory and improve distribution of our products to our franchise network," Biggert says.

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**When Core Health & Fitness needed to move bulky gym equipment overseas, ocean was too slow and air was too expensive. So it turned to UPS, which offers multimodal rail service between Europe and China, providing a viable, alternate transport option.**

## *Fit, Frugal, Fast*

For Core Health & Fitness, a close partnership with a 3PL opened the way to a new transportation option that has helped the company win new business.

Based in Vancouver, Washington, Core Health & Fitness produces four well-known brands of exercise equipment: Star Trac, StairMaster, Nautilus, and Schwinn. Founder Michael Bruno acquired those brands over several years and then, in 2015, merged them into a company that provides equipment for all modes of exercise commonly found in a commercial gym, including cardio, high intensity, strength training, and group cycling.

Core Health & Fitness makes its products in a 1-million-square foot facility in Xiamen, China, and a smaller plant in Independence, Virginia. It ships product to distributors and fitness clubs around the world from distribution centers in China, the Netherlands, and the U.S. east and west coasts. Most of the freight that moves from a factory on one continent to a DC on another travels by ship. But customer needs don't always mesh with the pace of ocean travel.

"Our lead times coming out of Asia run 95 to 105 days," says Jon Little, vice president of operations at Core Health & Fitness. Unfortunately, health club owners who place orders often require a much faster turnaround, with delivery in as few as 30 days.

"We combat that by making sure we carry safety stock in all our distribution locations," he says. But when a customer needs a product made to order—perhaps with the gym's logo on the equipment—that safety stock doesn't fill the need. In the past, the

only other alternative was to ship the equipment via air, which is an extremely expensive way to move bulky exercise equipment.

This was the dilemma that Core Health & Fitness faced not long ago, when the company teamed with a distributor to bid on a contract to supply made-to-order equipment for a large chain of health clubs in Denmark.

"Ocean transportation from Xiamen to Rotterdam takes about six weeks," says Little. "We needed the equipment there in three." Air transportation for this order probably would have required two planes, driving the cost sky high.

As the logistics team weighed the alternatives, Little recalled a conversation with the company's account representative at UPS. Core Health & Fitness first worked with UPS in 2011, when the logistics company's finance arm, UPS Capital, provided a way to secure a loan with collateral that included product in transit and product in inventory outside the United States. The relationship has since expanded to include several other logistics services.

"UPS is a strategic partner for us," says Little. The two companies get together every quarter to discuss the state of their relationship, evaluate performance, and look for continuous improvement opportunities.

At a recent meeting, the account rep had mentioned a new UPS service called China-Europe Rail. UPS started offering this intermodal option in 2013, taking advantage of cross-continental rail service that the Chinese government introduced in 2011.

"We started out with full containerload service from China to Europe," says Michael White, international

marketing manager at Atlanta-based UPS. "Then in 2014 and 2015, we evolved the service to go in both directions and also to support less-than-containerload shipments."

UPS's China-Europe Rail service currently connects six rail stations in China with two in Germany and two in Poland. "From those rail stations, we connect into multiple trucking networks to facilitate the pickup and final delivery of goods," White says.

## *Finding Middle Ground*

The transit from one end to the other takes about half as long as ocean transportation. "And we've seen this service represent up to 65-percent savings versus air," White says. "It's a nice middle ground for customers."

With this service in mind, Little booked an intermodal trip from China to Denmark. "We made the date," he says. "And we won the account."

Given the cost per unit to move its product, Core Health & Fitness won't use China-Europe Rail to replace ocean for most of its shipments. But the new option gives the company a little more leverage in competitive negotiations.

"We now have three options versus two: air freight, which is exorbitantly expensive, ocean freight, which is slow and cheap, and now rail, which is right in the middle," Little says.

Whether your products are made to tone the muscles, smooth the skin, adorn the wrist, or attend to any other need, the time may come when you want to make a change in your supply chain. In many cases a 3PL can provide the right systems, processes, and expertise to make it a change for the better. ■

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# PERSPECTIVES 2017

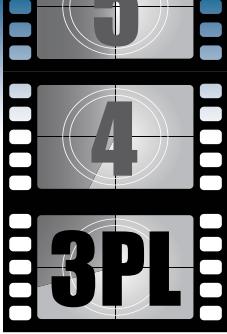
*Inbound Logistics' 12th annual 3PL market research report provides a highlight reel of the trends and tribulations shaping logistics outsourcing strategy for both providers and shippers.*

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## PERSPECTIVES 2017

**M**arket dynamics sit in the director's chair when it comes to outsourcing decision-making. When the economy expands, manufacturers and retailers look outwardly to scale growth; as conditions erode, shippers leverage 3PL partners to optimize logistics functions and focus on core competencies.

Today, U.S. and global economies are betwixt and between, and anything but certain. Consider the litany of disruptions over the past year:

- The United Kingdom's shock Brexit referendum
- Presidential impeachments in Brazil and South Korea...and perhaps Brazil again
- President Trump's unlikely path to the White House
- OPEC and Russia's unexpected agreement to curb oil production
- Hanjin's bankruptcy

Closer to home, economic performance has been mired in stops and starts. At 4.3 percent, U.S. unemployment is at its lowest level in 16 years. Competition for labor is robust. But inflation is tepid.

Consumption has been erratic and unpredictable—2016 holiday retail sales notwithstanding—even as U.S. manufacturing rebounded from recession. Retailers were slow to destock and replenish, so inventories and inventory-to-sales ratios trended upward while freight volumes lagged behind.

On the regulatory front, an expected capacity crunch never materialized as the much-maligned Hours-of-Service and CSA rules ran out of steam. Looking ahead, the true impact of the FMCSA's electronic logging device mandate is anyone's guess.

When economics shade grey, 3PLs flaunt even greater influence, helping shippers manage change. But in today's fast-spinning digital sphere, shippers need more.

Many manufacturers and retailers are experimenting on the edge as they dip their toes in digital technologies. It's no small task. Supply chain management at its core is risk averse. Predictability and standardization are sacrosanct. Variation is reviled. Expectedly, shippers are relying on 3PLs to effect change, not just manage it.

*Inbound Logistics'* 12th annual 3PL Perspectives market research report pulls back the curtain to expose the trends and tribulations shaping logistics outsourcing strategy. Change agents are well documented. E-commerce is challenging traditional brick-and-mortar models while online retailers paradoxically aspire to set up shop closer to demand. Cloud computing is revolutionizing the ways businesses and consumers interact. And consumers wield leverage that captivates all.

The actors are familiar, too. Amazon and Walmart are butting heads as they compete for retail market share; Tesla, Apple, Microsoft, Uber, Facebook, Google, and GE are turning convention on end as they reinvent business models; and countless other players across industries are trying to stake a claim in a lawless, albeit fertile, omnichannel frontier.

In the 3PL space, incumbents and entrants alike are jockeying for position as market uncertainty and digital inevitability collide. Technology and talent democratize the playing field. Still, assets carry weight. Reducing cost and increasing customer service remain diametrically opposed deliverables. But consumers expect both. Shippers are depending on their 3PL partners to help parry tactical hurdles, and at the same time engage digital innovation.

Such is the dynamism in today's changing logistics outsourcing market. Buckle up and welcome to 3PL Perspectives.

## Perspectives Methodology

*Inbound Logistics'* annual 3PL Perspectives research comprises an extensive survey of 3PL market participants—both service provider and shipper—to identify trends that are shaping outsourcing decision-making.

Our outreach effort features three parts. First, *IL* solicited questionnaires from more than 300 3PLs detailing the services they provide and their areas of expertise—geographically, functionally, and vertically. We also asked service providers to supplement this empirical data with contextual insight about business during the past year, relationships with customers, and emerging outsourcing trends.

Secondly, we received input from 10,000+ 3PL users to provide a counter perspective of the different considerations shaping outsourcing decisions.

Lastly, we engaged shippers and service providers—on the phone, at conferences, via social media, and through email—for anecdotal intelligence supporting/refuting empirical data.

*Inbound Logistics'* 3PL Perspectives juxtaposes these disparate points of view to provide a robust overview of the trends that are impacting the 3PL space.

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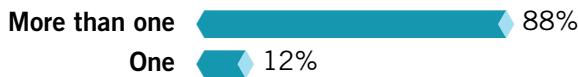
A sea-change shift is slowly sweeping across the business world. Supply chain and logistics functions are not only gaining traction in C-suite conversations, increasingly they command them. Look no farther than Tim Cook (Apple), Mary Barra (GM), Brian Krzanich (Intel), and Fabian Garcia (Revlon). At countless other companies, chief supply chain officers are climbing to the top, dragging with them newfound esteem from their corporate peers.

As logistics outsourcing grows mainstream, supply chain has become a strategic imperative. Outsourcing partnerships are following in lockstep.

Gone are the days of one-stop-shop, silver-bullet solutions. Shipper needs are nuanced by function, vertical, IT, and geographical regions. As testament to this growing specificity, 88 percent of shipper respondents use more than one 3PL (see Figure 1). This trend will continue.

Consequently, the outsourcing business remains strong. Eighty-six percent of service providers surveyed in *Inbound*

**FIGURE 1: How many 3PLs do you use?**  
Shippers say:



*Logistics'* market research report have grown their client base by at least 5 percent over the past year; 89 percent have increased sales; and 81 percent have grown profits (see Figure 2).

There has been some attrition in profit margins over the past few years, largely attributed to rising labor costs and fluctuating fuel prices. U.S. unemployment remains low and e-commerce business continues to drive warehouse occupancy to record highs. 3PLs and shippers are equally challenged by operational costs. As logistics outsourcing becomes more strategic, there's less of a transactional sting. It's all about partnership and delivering value over time.

And, to the benefit of shippers, technology is compressing profit margin in certain areas—notably the freight brokerage space—where an emerging clique of Uber-for-freight players are disintermediating the ultimate intermediary.

The macro narrative? 3PLs continue to adapt and expand. Survey respondents share why:

- “Acquisitions and internal growth, as well as adding clients to multiple verticals.”
- “Added services, improved technology, API integration.”
- “Helping customers better control inbound logistics.”
- “As larger 3PLs get larger, customer service drops off. So we are able to pick up new customers frustrated with the lack of service from other providers.”
- “Continuous investment in proprietary technology for customers.”
- “Increase in dedicated business.”

## Spotlight on 3PLs

### ASSET-BASED OR NON-ASSET-BASED

Non-asset-based	44%
Both	43%
Asset-based	12%

### NUMBER OF WAREHOUSES

0	17%
1 – 10	52%
10-100	25%
100+	6%

### GEOGRAPHIC COVERAGE

North America	49%
Asia	33%
Southeast Asia & India	31%
Eastern Europe	25%
Middle East & North Africa	24%
U.S. Only	23%
Europe	13%
South America	3%

### VERTICAL SPECIALIZATION

Consumer Packaged Goods	83%
Food & Beverage	80%
Automotive	75%
Construction & Building Materials	74%
Electronics	70%
Grocery	68%
Apparel & Textiles	67%
Healthcare	65%
Furniture	64%
Chemicals	61%
Agriculture	57%
Pharmaceuticals	53%
Oil & Gas	47%
Aerospace	40%
Renewable Energy	37%
Trade Show	33%

### LOGISTICS SERVICES

Inbound Logistics	86%
Integrated Logistics	74%
JIT	67%
Lead Logistics Provider/4th-Party Logistics	66%
Inventory Management	65%
Vendor Management	62%
Logistics Process Reengineering	54%
Shared Services	52%
Payment Auditing/Processing	47%
Global Trade Services	36%

### WAREHOUSING SERVICES

Crossdocking	78%
Transloading	65%
Fulfillment	64%
Pick/Pack, Subassembly	64%
Vendor Managed Inventory	61%
DC Management	54%
Site Selection	47%
None	13%

### TRANSPORTATION SERVICES

Truckload	95%
LTL	90%
Intermodal	82%
Rail	73%
Dedicated Contract Carriage	63%
Air Cargo	59%
Ocean	56%
Small Package	54%
Final Mile	53%
Bulk	47%
Equipment/Drivers	37%
Fleet Acquisition	21%

### SPECIAL SERVICES

Logistics/Transportation Consulting	86%
Direct to Store	76%
Reverse Logistics/Product Lifecycle Management	63%
Import/Export/Customs	60%
Marketing/Customer Service	54%
Sustainability/Green Logistics	51%
Direct to Home	47%
Foreign Trade Zone	38%
Contingency/Crisis Planning	32%
Labor Management	29%
Security Analysis	20%

### TECHNOLOGY

EDI	95%
TMS	85%
WMS	62%
Visibility	75%
Optimization	73%
Freight Payment/Claims/Auditing	56%
CRM/SRM	63%
Supply Chain Design	58%
Wireless/RFID	46%
ERP	44%
Sustainability	43%
Predictive Analytics	39%
Global Trade Management	28%

SOURCE: Inbound Logistics 3PL Perspectives, 2017

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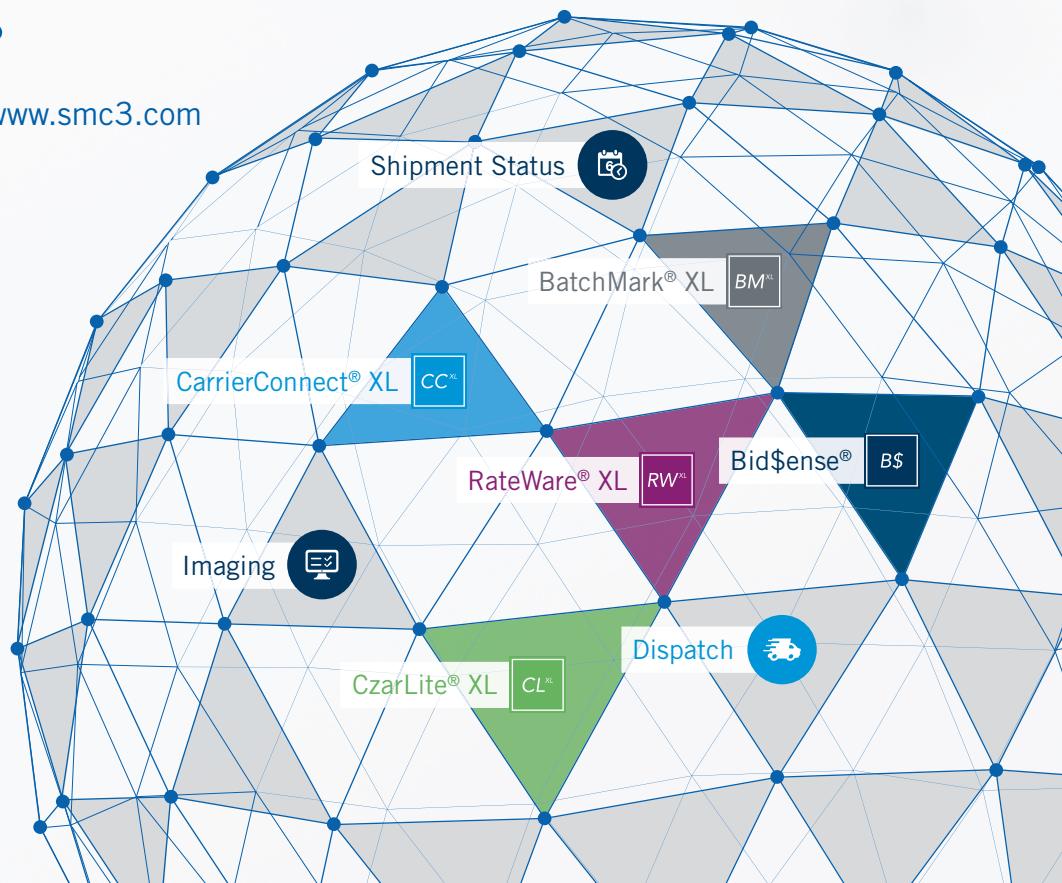
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- Freight bill auditing

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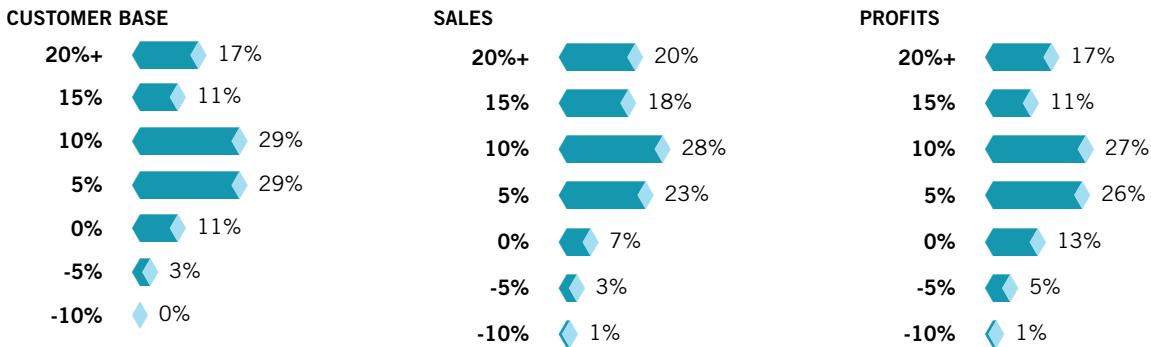
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**FIGURE 2: During their last measurement period, 3PLs say the following were generally up or down:**



- “Market conditions (impacted by ocean rates).”
- Growing with customers into new regions.
- “Our focus on technology, systems improvements, automated materials handling equipment, and training.”

The diversity of responses serves as yet another reminder of how varied the 3PL industry has become. What emerged as an extension of traditional transportation and warehousing functions one generation ago has exploded into a nuanced panoply of asset- and non-asset-based intermediaries.

Within the latter group, new competencies are emerging. There are track-and-trace aggregators; Uber-for-freight players in trucking, freight forwarding, and warehousing; managed transportation practitioners; IT developers moonlighting as 3PLs; e-commerce fulfillment specialists; and consultants—all of whom are moving the needle for their respective customers.

It’s also worth considering the myriad markets 3PLs serve. Manufacturing (92 percent), retail (84 percent), and wholesale (76 percent) have always been outsourcing standard-bearers (see Figure 3). E-business (65 percent) is a fast-growing niche as fulfillment complexity and customer service expectations grow—and e-commerce flows across borders. What’s notable is how attractive the transportation and 3PL space has become for 3PLs. Increasingly, service providers are collaborating with and selling through their peers.

### Cost and Service Are Top Levers

Shipper outsourcing priorities in 2017 remain similar to past years. Cutting transport costs is the top challenge, say 59 percent of respondents (see Figure 4). Business process improvement (38 percent), better customer service (32 percent), and supply chain visibility (29 percent) follow.

“Cost” cuts across the supply chain. Whether it’s labor, transportation, or inventory, 3PLs need to deliver value across the terms of their contracts. Many leverage proprietary and/or outsourced technology capabilities to help shippers manage transportation and warehousing. Data analytics and logistics optimization capabilities allow intermediaries to better measure performance and improve services. If incumbents don’t deliver, a queue of competitors are waiting in line.

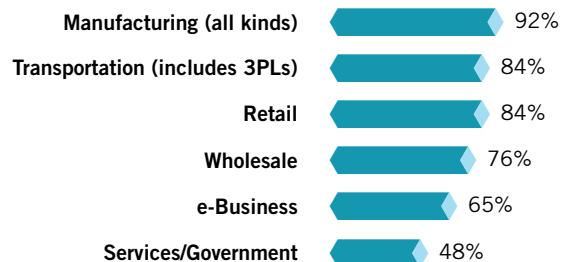
Asked which is more important, 75 percent of shippers favor service over price. Not surprisingly, 43 percent of surveyed shippers cite failed expectations as the primary reason for failed 3PL partnerships, closely followed by poor customer service (42 percent).

The “Amazon effect” has only amplified the importance of speed and agility in today’s marketplace. Aggregating visibility across the supply chain and continuously re-engineering business processes using technology and Lean/Six Sigma guidance often require external support. Businesses alone can’t meet shrinking lead times, cost pressures, and escalating consumer expectations. For small- and mi-sized businesses (SMBs) that don’t have the scale and shareholder patience of digital giants, collaboration is compulsory. Indeed, a number of 3PLs including FedEx, XPO, and the newly morphed Monarch FX alliance, are positioning themselves as mid-market e-commerce fulfillment providers—using their scale and resources to help retailers match Amazon’s “free shipping” trope at a fraction of the “real” cost. This has become another compelling reason for shippers to outsource post-click fulfillment. They can’t win otherwise.

To point, 86 percent of 3PL respondents specifically serve both large and small customers, while 9 percent target SMBs, and only 5 percent exclusively large companies.

3PLs face their own unique challenges—which provide greater insight into how outsourcing dynamics are

**FIGURE 3: Markets served 3PLs say:**





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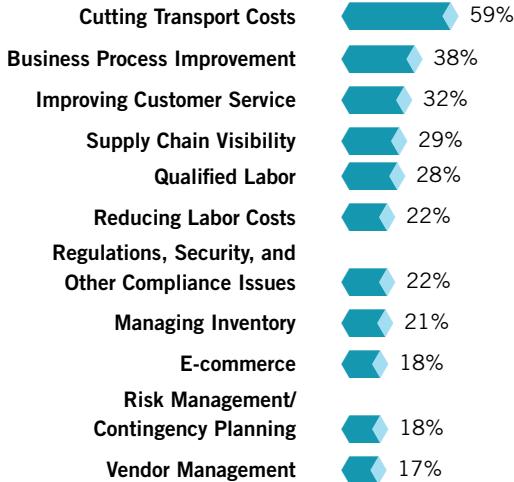
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**FIGURE 4: Most important challenges**

Shippers say:



**FIGURE 5: Most important challenges**

3PLs say:



changing. In 2017, 66 percent of 3PL survey respondents cite technology investment as their top priority, followed by recruiting and training talent (56 percent), capacity (55 percent), and rising operational costs (50 percent). (See Figure 5.)

Technology investment first topped 3PL priorities in 2016—and that trend continues. The third-party logistics sector has become a wholesale channel for tapping best-of-breed solutions. From homegrown, proprietary data analytics engines to private-labeled TMS systems, in the cloud, on premise, or managed as a service, 3PLs are plugging in to compete.

Equally important is talent development. The “asset-light 3PL” has become a misnomer. More accurately, they flaunt

intellectual property as a competitive advantage—engineers, data scientists, ops specialists, and project managers who are harnessing bleeding-edge innovation to deliver continuous value to their customers.

## Flipping the Switch to Digital

Media and academia have widely documented how digital innovation is reshaping global supply chains. But the biggest disruptor is far closer to home: the consumer.

Technology is an enabler. But demand behavior is changing how retailers (both brick-and-mortar and online), wholesalers, manufacturers, and service providers deliver products and services to market. Changing demographics and digital disruption at the point of sale are reshaping the path to purchase, challenging industries and business models alike.

Consider how the automotive industry is adapting to digitalization. Automotive incumbents GM, Ford, Daimler, and Toyota are partnering with digital giants Apple and Google and tech entrepreneurs Tesla and Uber to redesign the way people and freight move. Cloud connectivity, autonomy, and “transportation-as-a-service” are collectively forcing automotive supply chain participants to collaborate and innovate in ways they’ve never done before. Similar changes are happening in the apparel, CPG, and grocery spaces as well.

Where are 3PLs experimenting on the edge? Autonomous vehicles tops the list of disruptive technologies that will have the greatest impact, according to 65 percent of 3PL respondents—followed by Internet of Things (46 percent), artificial intelligence (33 percent), drones (27 percent), and wearable technology (24 percent). (See Figure 6.)

Semi-autonomous trucks and platooning fleets may be closer in the side-view mirror than they appear—as 3PL consensus suggests. Railroads, Teamsters, and politicians will undoubtedly make noise to the contrary. But once safety is a proven deliverable—cost and sustainability are givens—technology that optimizes transportation and addresses latent driver shortages will eventually rise above these roadblocks.

The Internet of Things (IoT) is already disrupting supply chains. Embedded sensors and RFID are gathering data and allowing artificial intelligence-enabled systems to predict demand and prescribe actions. Humans are talking to machines, which, in turn, are interfacing with other machines. Wearable technologies, together with augmented and virtual reality capabilities, empower practitioners on the factory floor and inside the four walls to operate more efficiently. While Amazon’s well-publicized last-mile drone delivery in the UK commanded great attention, industry is quietly deploying similar assets to count inventory and track assets—with far greater ROI. Looking ahead, blockchain may disrupt supply chains in much the same way cloud computing has.

Retailers are especially sensitive to how innovation is triggering different consumer behaviors. Cognitive intelligence allows supply chains to dial in hyper-local demand; distributed order management and omnichannel strategies

harmonize inventory visibility and control between different nodes in the supply chain. Accordingly, retailers have greater license to fulfill orders direct from store, from DC, or drop-shipped from the manufacturer. That's the future of omnichannel management.

Upstream, these developments challenge manufacturers, wholesalers, and suppliers. Shrinking lead times and shifting order profiles from case-pick units to "eaches," full truckload to less-than-truckload to multistop truckload, add variability and sub-optimize performance. Better demand visibility enables greater efficiency. Logistics optimization capabilities similarly empower stakeholders to account for changing demand and design optimal networks, leveraging 3PL partners and their assets to pool and deconsolidate freight where possible.

The net effect of digitalization? Supply chains are becoming more demand-driven. Amazon widely proselytizes its customer-centric business model. Many industries are similarly aligned—because they have to. Technology is bringing value chain partners closer together. Retailers no longer wield power; consumers do. Supply chain impatience and competition from incumbents and disruptors alike are compelling traditional "push" industries—where forecasting was once easily predictable—to pull to demand. It's little wonder that "inbound logistics" tops the list of logistics services 3PLs provide (86 percent); and "demand-driven logistics" is the number-one strategy shippers and 3PLs are using to manage current market challenges.

### Buffer Against Volatility

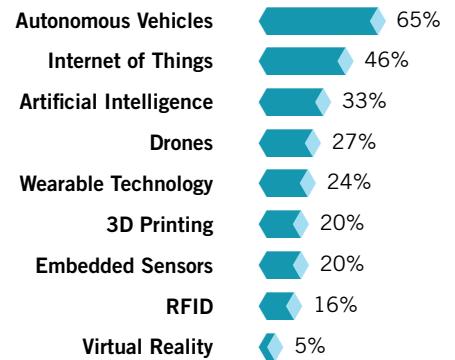
Geopolitical volatility around the world is impacting today's logistics outsourcing paradigm. Rampant protectionism threatens entrenched perceptions of globalization as supply chains become more demand sensitive, risk averse, carbon conscious—and local. As supply chains become more decentralized, fewer 3PLs/4PLs will manage end-to-end capabilities. Shippers favor best-of-breed providers that are experts in their functional and geographic domains.

That's not to suggest North American 3PLs are shrinking footprints. Quite the contrary. While the majority of shippers surveyed use 3PLs in North America (79 percent), Asia (29 percent), Europe (25 percent), and Southeast Asia/India (17 percent) are well represented (see Figure 7). 3PL global footprints align accordingly. Manufacturers and retailers are scanning the globe, looking for new markets to sell into and distribute through.

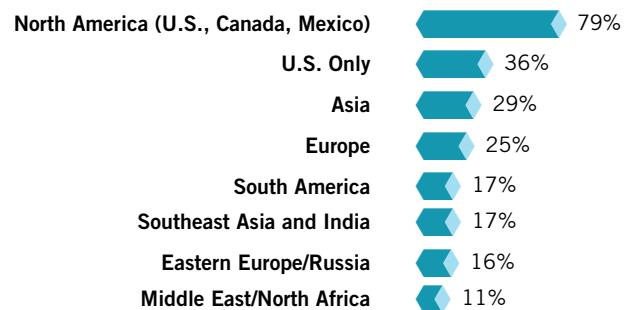
Given uncertainty around Trump Administration policies regarding NAFTA and cross-border trade, outsourcing global logistics functions helps shippers circumvent some risk. 3PLs are well positioned and connected via technology and partnerships to mitigate exposure and execute contingency plans when exceptions inevitably arise.

With regards to global transportation, ocean and air freight have been trending in different directions. Hanjin's bankruptcy in 2016, and subsequent M&A activity and

**FIGURE 6: Most disruptive innovations 3PLs say:**



**FIGURE 7: Regions where shippers outsource logistics**



alliance jostling, underscore the institutional challenges steamship lines and ocean shippers have faced over the past few years. An inability to scale capacity to demand has forced carriers to idle ships and seek vessel-sharing agreements to better utilize capacity and prop up pricing.

While shippers and consignees have benefited from favorable rates in the short term, they are starting to feel the brunt of these changes. Ocean carriers benefit from larger vessels, better capacity utilization, and fewer ports of call. Costs and inefficiencies are pushed downstream in the supply chain. There will be more transshipment activity—and likely delays—flowing containers through congested, un-automated global gateways. 3PL value around import/export compliance and execution will remain strong.

Outsourcing demand for airfreight services is also growing. Global e-commerce is on the make. Borders are opening up and marketplaces such as Amazon and Alibaba make it easier for buyers and sellers to connect worlds apart. Linking first- and last-mile logistics presents challenges. Service is paramount for the consumer. Cost is important for the supply chain. Manufacturers/suppliers and retailers need to optimize LTL and courier transportation to and from origin and destination hubs, ensuring timely handoffs and customs documentation along the way. Growing protectionism only adds complexity. That benefits 3PLs operating in that space. ■











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 TRADE Trade Show

Search the Top 100 and more than 100 additional companies online. [inboundlogistics.com/find-a-3pl](http://inboundlogistics.com/find-a-3pl)

TRANSPORTATION SERVICES

SMALL PACKAGE  
 AIR CARGO  
 LTL  
 TRUCKLOAD  
 INTERMODAL  
 OCEAN  
 RAIL  
 BULK  
 DCC  
 FLEET ACQUISITION  
 EQUIPMENT/DRIVERS  
 FINAL MILE

WAREHOUSING SERVICES

PICK/PACK, SUB-ASSEMBLY  
 CROSSDOCKING  
 DC MANAGEMENT  
 SITE SELECTION  
 TRANSLOADING  
 VENDOR MANAGED INVENTORY  
 FULFILLMENT

SPECIAL SERVICES

DIRECT TO STORE  
 DIRECT TO HOME  
 FOREIGN TRADE ZONE  
 IMPORT/EXPORT/CUSTOMS  
 REVERSE LOGS/PRODUCT LIFECYCLE MGMT  
 MARKETING/CUSTOMER SERVICE  
 GLOBAL EXPANSION  
 SECURITY ANALYSIS  
 CONTINGENCY/CRISIS PLANNING  
 LOGISTICS/TRANSPORTATION CONSULTING  
 LABOR MANAGEMENT  
 SUSTAINABILITY/GREEN LOGISTICS

TECHNOLOGY/WEB SERVICES

CUSTOMER/SUPPLIER MANAGEMENT  
 EDI  
 ERP  
 FREIGHT PAYMENT/CLAIMS/AUDITING  
 GLOBAL TRADE MANAGEMENT  
 OPTIMIZATION  
 PREDICTIVE ANALYTICS  
 SC DESIGN  
 SUSTAINABILITY  
 TMS  
 VISIBILITY  
 WMS

TRANSPORTATION SERVICES	WAREHOUSING SERVICES	SPECIAL SERVICES	TECHNOLOGY/WEB SERVICES
SMALL PACKAGE	PICK/PACK, SUB-ASSEMBLY	DIRECT TO STORE	CUSTOMER/SUPPLIER MANAGEMENT
AIR CARGO	CROSSDOCKING	DIRECT TO HOME	EDI
LTL	DC MANAGEMENT	FOREIGN TRADE ZONE	ERP
TRUCKLOAD	SITE SELECTION	IMPORT/EXPORT/CUSTOMS	FREIGHT PAYMENT/CLAIMS/AUDITING
INTERMODAL	TRANSLOADING	REVERSE LOGS/PRODUCT LIFECYCLE MGMT	GLOBAL TRADE MANAGEMENT
OCEAN	VENDOR MANAGED INVENTORY	MARKETING/CUSTOMER SERVICE	OPTIMIZATION
RAIL	FULFILLMENT	GLOBAL EXPANSION	PREDICTIVE ANALYTICS
BULK		SECURITY ANALYSIS	SC DESIGN
DCC		CONTINGENCY/CRISIS PLANNING	SUSTAINABILITY
FLEET ACQUISITION		LOGISTICS/TRANSPORTATION CONSULTING	TMS
EQUIPMENT/DRIVERS		LABOR MANAGEMENT	VISIBILITY
FINAL MILE		SUSTAINABILITY/GREEN LOGISTICS	WMS

# TOP 100 3PL PROVIDERS -2017-



**ASSET KEY**  
**A** Asset-based  
**N** Non-asset Based  
**B** Both

**COMPANY**  
**PHONE**  
**WEB**

	ASSET- OR NON-ASSET BASED	AREAS SERVED			MARKETS SERVED					VERTICAL SPECIALIZATION(S)	LOGISTICS SERVICES										
		GLOBAL	US/CANADA/MEXICO	US ONLY	MANUFACTURING	RETAIL	WHOLESALE	E-BUSINESS	SERVICE INDUSTRIES/GOVERNMENT		TRANSPORTATION	LLP/4TH PARTY LOGISTICS	INTEGRATED LOGISTICS	JIT	GLOBAL TRADE SERVICES	INBOUND LOGISTICS	LOGISTICS PROCESS REENGINEERING	PAYMENT AUDITING/PROCESSING	INVENTORY MANAGEMENT	VENDOR MANAGEMENT	SHARED SERVICES
<b>LeSaint Logistics</b> 630-243-5950 lesaint.com	B	●			●	●	●		●	CHEM, CPG, ELEC, ENER, F&B, FURN	●	●	●	●	●	●	●	●	●	●	●
<b>Lynden</b> 888-596-3361 lynden.com	B	●	●		●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G, PHARMA, TRADE	●	●		●		●	●	●			
<b>Mallory Alexander Int'l Logistics</b> 800-257-8464 mallorygroup.com	N	●	●		●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G, PHARMA, TRADE	●	●	●	●	●	●	●	●	●	●	
<b>Matson Logistics</b> 925-887-6237 matson.com	B	●	●		●	●	●	●	●	AGRI, APP, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC	●	●		●	●	●	●	●	●	●	
<b>MD Logistics</b> 317-838-8900 mdlogistics.com	B		●		●	●	●		●	APP, CPG, ELEC, HEALTH, PHARMA	●	●		●	●	●	●	●	●	●	
<b>MIQ Logistics</b> 913-696-7100 miq.com	N	●	●		●	●	●	●	●	AERO, AGRI, APP, AUTO, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G	●	●	●	●	●	●	●	●	●	●	
<b>National Retail Systems</b> 201-330-1900 nrsonline.com	B		●		●	●	●		●	APP, AUTO, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, PHARMA	●	●	●		●		●	●	●	●	
<b>NFI</b> 877-544-5835 nfiindustries.com	B	●	●		●	●	●	●	●	AERO, APP, AUTO, CHEM, CONS, CPG, F&B, FURN, GROC, PHARMA	●	●	●		●	●	●	●	●	●	
<b>ODW Logistics</b> 614-549-5000 odwlogistics.com	B		●		●	●	●		●	APP, AUTO, CHEM, CONS, CPG, ELEC, F&B, FURN, GROC, HEALTH	●	●	●		●	●	●	●	●	●	
<b>Odyssey Logistics &amp; Technology</b> 855-412-0200 odysseylogistics.com	B	●	●		●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, HEALTH, O&G, PHARMA	●	●	●	●	●	●	●	●	●	●	
<b>Penske Logistics</b> 800-529-6531 penskelogistics.com	B	●	●		●	●	●	●	●	AGRI, AUTO, CHEM, CONS, CPG, ELEC, F&B, FURN, GROC, HEALTH, PHARMA	●	●	●		●		●	●	●	●	
<b>Performance Team</b> 424-358-6940 performanceteam.net	B		●		●	●	●		●	APP, AUTO, CPG, ELEC, F&B, FURN	●	●	●		●		●	●	●	●	
<b>Pilot Freight Services</b> 610-891-8100 pilotdelivers.com	N	●	●		●	●	●	●	●	AERO, AGRI, APP, AUTO, CONS, CPG, ELEC, ENER, F&B, FURN, HEALTH, O&G, PHARMA, TRADE	●	●		●	●	●	●	●	●	●	
<b>Port Jersey Logistics</b> 609-495-1300 portjersey.com	B		●		●	●	●	●	●	CPG, ELEC, F&B, FURN, GROC, HEALTH, PHARMA	●	●	●		●		●	●	●	●	
<b>Port Logistics Group</b> 877-901-6472 portlogisticsgroup.com	B		●		●	●	●		●	APP, AUTO, CONS, CPG, ELEC, F&B, FURN, PHARMA	●	●	●		●	●	●	●	●	●	
<b>ProTrans International</b> 317-240-4100 protrans.com	N		●		●				●	AERO, AUTO, CONS, ELEC, ENER, HEALTH	●	●	●		●	●	●	●	●	●	
<b>Purolator International</b> 888-511-4811 purolatorinternational.com	N		●		●	●	●	●	●	AERO, APP, AUTO, CHEM, CONS, CPG, ELEC, F&B, FURN, HEALTH, O&G, PHARMA, TRADE	●	●		●	●	●	●	●	●	●	











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READER'S CHOICE  
Top 10 3PL  
Excellence Awards  
2017

**W**hat makes a third-party logistics (3PL) provider a blockbuster partner? We asked readers to vote for the 3PL partners they deem most award-worthy, and they revealed the hallmarks of a standout performance: reliability, flexibility, and ability to execute.

With the global supply chain sometimes too action-packed for even the most seasoned supply chain practitioners, readers are looking for experience and expertise.

Indeed, the 3PL role is multi-layered. With plot twists in 2016 encompassing bankruptcies and trade agreement exits, 3PLs need to deliver a masterful performance. The most laudable providers offer years of experience, technology solutions, and the global connections necessary to keep supply chains moving quickly and efficiently.

Sure, larger companies might have some of these skills in-house, but the difference is that logistics is what 3PLs do. They aren't developing a new product line, or launching the next big ad campaign. Their sole

focus is on moving your goods efficiently and cost-effectively through a seamless end-to-end supply chain.

By handling a part or all of a company's transportation and logistics operations, 3PLs help companies deal with one of the most complicated parts of their business. When they know their supply chain is in competent hands, shippers are free to concentrate on other areas that add value such as customer service, production, and product development.

#### On the Ballot

Each year, *Inbound Logistics'* annual Readers' Choice Top 10 3PL Excellence survey gives shippers a chance to give back to the providers that have taken on so much of the load. More than 10,000 voters filled out the 2017 survey to show their logistics costars just how much they are appreciated.

From procurement to transportation management, manufacturer to retailer, shippers from all parts of the supply chain across 55 different countries chimed in to give accolades, including many from brands you'll recognize, such as Amazon, Blue Apron, Boeing, Campbell Soup, Clorox Company, Disney, General Mills, General Motors, Hershey Company, Ocean Spray Cranberries, Pepperidge Farm, Pepsi, Sam's Club, and Taco Bell.

Those companies spend millions on transportation and logistics services each year from logistics providers like those being honored here. (*See About the Survey Respondents and Vote of Thanks on the following pages for more background on this year's voters.*)

With such a wide-ranging sample of industries and job titles giving input, *Inbound Logistics'* annual survey offers a widely varied analysis of today's global supply chain.

Overall, shippers want service—75 percent of survey respondents rate service as more important than price. Meanwhile, only 25 percent say price is the ticket.

Year after year, the *IL* 3PL survey reveals the pivotal role great customer service plays. The best 3PL partnerships are not always the cheapest, but they are the ones that get the job done every time.

## And the winners are...



Echo



C.H. Robinson



Transplace



SEKO



UPS



Unyson



Kenco



J.B. Hunt



Penske



FedEx



Werner



XPO

READER'S CHOICE  
Top 10 3PL  
Excellence Awards  
2017

## TOP 10 TO WATCH

These 3PLs did not receive enough votes to place on this year's Top 10 list, but they have a large following among our readers.

- Coyote
- DAMCO
- DHL
- GlobalTranz
- Ryder
- Saddle Creek
- Sunset
- TQL
- Unishippers
- Yusen

### WHAT IS MORE IMPORTANT?

Service	75%
Price	25%

### WHAT IS THE #1 REASON 3PL RELATIONSHIPS FAIL?\*

Failed Expectations	43%
Poor Customer Service	42%
Cost	8%
More Competitive Options	8%
Loss of Control	5%
Cultural Dissimilarities	4%

\*Note: Some respondents selected multiple answers.

Source: IL Top 10 3PL survey

## ABOUT THE SURVEY RESPONDENTS

### FUNCTION

Logistics/Distribution	37%
Corporate Management	30%
Supply Chain/Purchasing/Supply Management	16%
Transportation/Traffic Management	10%
Operations	7%

### INDUSTRY

Retail/Wholesale	43%
Manufacturing	37%
Services or Government	20%

### ANNUAL TRANSPORT/LOGISTICS SPEND

More than \$50 Million	21%
\$10-\$49 Million	36%
\$1-\$10 Million	26%
Less than \$1 Million	17%

### SERVICES READERS BUY

Motor Freight (TL/LTL)	77%
Small Package Delivery, Expedited, Express	70%
Warehousing & DC Services	70%
3PL, Contract Logistics	65%
Air Freight	51%
International Shipping, Freight Forwarding	48%
Rail, Rail Intermodal	48%
Supply Chain Technology, Software/Systems	47%
Materials Handling Systems, Equipment, Forklifts	36%
Ocean, Ocean Intermodal	34%
Site, Port, or Facility Selection	30%
Fleet Operations, Dedicated Contract Carriage	23%
Transportation Equipment	20%
Packaging/Labeling Systems	7%

## IN THEIR OWN WORDS

A SAMPLING OF READER COMMENTS

**"C.H. Robinson always meets our demands and those of our customers, even with last-minute changes."**  
– C.E., shipping coordinator

**"Werner has the best people in the industry with a rich family tradition of exceeding expectations with a vast array of service offerings."**  
– K.T., director of logistics

**"Kenco is an excellent supply chain partner. It's very customer-focused and patient."**  
– J.T., associate director, customer fulfillment

**"Unyson cares about its customers and partners. It has fast and reliable service with reasonable pricing."**  
– C.H., manager, cargo claims

**"Echo provides exceptional customer service and close to real-time tracking information."**  
– K.L., director of supply chain

**"SEKO is like a breath of fresh air. I know I can trust them with all my shipments. I know I won't have to wake up in the middle of the night to check emails when SEKO is in charge."**  
– C.M., lead logistics specialist

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# Echo Global Logistics



Doug Waggoner, Chairman and CEO



**WHY THEY WON:** Echo is a true multimodal provider, able to offer clients expertise and capacity in not just truckload and LTL but also partial truckload, intermodal, expedited, final mile, heavy haul, temperature-controlled shipping, and other specialized services.

“Our proprietary technology, developed in-house to meet the needs of shippers, offers an edge in the transportation industry,” says Doug Waggoner, chairman and CEO. “It provides visibility, capacity, analytics, and overall a simpler, faster way of procuring transportation.”

At Echo, service and technology combine to create a leading 3PL. “Our employees value communication and exceptional service, and their focus on

simplifying transportation management allows our clients to focus on what they do best,” says Waggoner.

Customers commend the 3PL’s dedicated and professional employees, speed, and responsiveness. “Echo makes my job easier, saves me time, and is reliable,” says one customer.

Ray Kernagis, vice president of supply chain at Johnstone Supply, agrees. “Echo goes beyond short-term cost savings. It’s their customer service and long-term partnership that are the key aspects of collaboration,” he says. “We’ve seen a lot of benefits including speed of service, strategic intent, collaboration, and ease of coordination. Partnership is the long-term driver of our relationship.”

#### CLIENT ROSTER

Action Gypsum Supply  
Archway  
Cholula Hot Sauce  
Culligan International Company  
Greenheck  
Johnstone Supply  
Monster Beverage



John Wiehoff, CEO

# C.H. Robinson



**WHY THEY WON:** C.H. Robinson’s global network of supply chain experts is continuously identified as the 3PL’s biggest advantage. “As the marketplace continues to become more demanding, customers and contract carriers have more 3PL options than ever,” says CEO John Wiehoff. “Our global footprint and technology ecosystem remain critical to our success, but our main asset is our people—they are core to the great work we do for our customers and suppliers, and they are the primary reason those who voted for us did.”

Regardless of the size or nature of a customer’s business, C.H. Robinson knows each company needs unique solutions to manage supply chain complexity.

“C.H. Robinson brings innovation to our customers and contract carriers to help them differentiate and improve their businesses,” says Wiehoff. “We are committed to offering new opportunities, ideas, and technology options to help them build sophisticated supply chains that best suit their individual goals.”

Customers praise the company’s customer service and on-time delivery. “C.H. Robinson treats my company with great respect. I can always rely on them for everything we need and they are always happy to help,” says one customer. “They are accurate and never seem to make a mistake. They go above and beyond any other third-party logistics company.”

#### CLIENT ROSTER

Microsoft  
Dollar General  
ConAgra  
Coca-Cola  
Brose North America

# Transplace



Tom Sanderson, CEO



#### CLIENT ROSTER

Baker Hughes  
Borg Warner  
Calumet  
Campbell Soup  
Cummins  
Eaton  
Huhtamaki  
Prysmian Group

**WHY THEY WON:** Transplace helps meet customer challenges with its talent and strong technology-enabled business process management skills.

“Customers are facing tough challenges today. Service demands from our customers’ customers are increasing—in precision of service measurement, in performance targets, and in the consequences of service failures,” says CEO Tom Sanderson. “At the same time, there is no relief on the cost pressures our customers face, whether in transportation and inventory, or staffing. It takes talent and strong technology-enabled business process management skills to meet these challenges.”

Customers say Transplace’s customer service and technology set the 3PL apart. “Transplace invests in their people and technology to help make us a premium company,” says one customer.

“Our partnership with Transplace allows us to further our dedication to investing in the future by focusing on relationships and improving efficiency,” says Gianmichele Alivia, vice president of logistics and supply chain, Prysmian Group. “Transplace brings extensive experience, a large shipper and carrier network, and robust logistics technology that allow us to gain greater control over our transportation operations.”



William J. Wascher, CEO

# SEKO Logistics



**WHY THEY WON:** SEKO provides complete supply chain solutions, and specializes in transportation, logistics, forwarding, and warehousing. Offering innovative and customizable IT solutions, SEKO offers customers a seamless flow of information and supply chain visibility.

Customers applaud the 3PL for on-time deliveries, customer service, and reliability. “SEKO has handled an enormous amount of tradeshow freight for us, meeting deadlines and being the most cost-effective option,” says one customer.

Another customer agrees. “SEKO provides excellent customer service. It is unmatched by any other company I have used. Our needs are perfectly handled

and we are provided great rates.”

Logistics solutions are lean and efficient, with the main goal of improving customer satisfaction and keeping business running at peak performance.

“We had many difficulties with our supplier getting a product made. SEKO really made the difference by tracking late into the night and early in the morning,” says John Reeder, Transact Technologies. “SEKO’s responsiveness saved this order. It also enabled us to grow this product line by being able to meet customer requirements well inside of lead time. When I need performance in logistics, I turn first to SEKO.”

#### CLIENT ROSTER

Cath Kidston  
Dippin’ Dots  
Lulu Guinness  
Peak Scientific  
Sphere 3D Corp.  
Transact Technologies

# UPS Supply Chain Solutions



Stan Deans, President



**WHY THEY WON:** UPS Supply Chain Solutions is uniquely positioned to assist both large multi-nationals and small manufacturers, distributors, or retailers. To compete globally, these businesses rely on UPS as a third-party logistics provider to streamline sourcing, maintain lean inventories, accelerate inventory velocity, and kit or assemble to respond to customer demand.

UPS configures its order management and fulfillment, critical parts replenishment, post-sales warranty repair,

and return services for efficient scale and growth opportunity according to industry sector needs.

Customers say UPS ranks at the top for them due to its fast, accurate, and reliable service. "UPS is an industry leader," says one customer. "They provide the best customer service, lowest costs and fastest transit times."

"UPS has helped us grow," another customer says. "They offer products and services we need and consistent and reliable service."



Brian Alexander, EVP

## Unyson

**WHY THEY WON:** Unyson differentiates itself by providing a guaranteed solution. "To provide optimal value to our customers' supply chain, it is essential we drive solutions that are aligned with our customers and guarantee cost savings while elevating on-time performance," says EVP Brian Alexander. "These are the cornerstones of a healthy supply chain. Guaranteeing them gives our customers confidence in our partnership from day one."

The two main challenges Unyson's customers face today are optimizing their transportation network and balancing service to increasingly demanding end customers. "Unyson's Continuous Improvement Engineers proactively address these challenges and work

closely with our operating teams to implement solutions," says Alexander. "Unyson leverages our strength to take cost out of our customers' supply chains while delivering strong service and providing global network visibility."

Customers say the 3PL's service, consistency, and on-time delivery set them apart. "Over the years of working with Unyson, we have evolved from a supplier and customer relationship to being partners," says Barbara K. Philibert, president and chief operating officer, Oatey.

"The accessibility, reliability, and work ethic of the Unyson team is unsurpassed as they strive each day to meet and exceed the needs of Oatey and our customers," she adds.



### CLIENT ROSTER

Oatey  
WD-40  
Western Container  
Toys R Us  
Family Dollar  
Pfizer  
Big Lots  
MAAX Bath

# Kenco



Denis Reilly, President and CEO



**WHY THEY WON:** Kenco has a proven track record of operational excellence, continuous improvement, and consistent customer satisfaction, demonstrated by its long-term customer relationships.

“As a privately owned company, Kenco focuses on long-term business relationships instead of quarter-end results, and is Women’s Business Enterprise National Council certified to meet customers’ supplier diversity goals,” says Denis Reilly, president and CEO.

Questions around strategy and technology adoption for the quickly digitizing supply chain have added a new layer to many conversations Kenco has with customers.

“3PLs need to enhance openness, transparency, and good communication with customers by developing relationships based on trust. Kenco works to develop truly consultative relationships that provide insightful, long-range, customized solutions,” says Reilly. “We work with customers to identify pain points and ensure an alignment of vision and values to lay the foundation toward mutually beneficial collaboration.”

“What we like about Kenco is that they are big enough to handle our business and everything we throw at them, but small enough that we are important to them,” says Whirlpool’s director of supply chain operations.

#### CLIENT ROSTER

Carrier  
DuPont  
General Mills  
Honeywell  
Post Foods  
Reckitt Benckiser  
Whirlpool



Shelley Simpson, EVP, CCO, and President of Highway Services

# J.B. Hunt Transport Services



**WHY THEY WON:** To ensure top service, J.B. Hunt continually reinvests in innovation, advancing the ability to provide personalized, reliable services.

“Today’s supply chain customers are adapting to the growing expectations of their consumers. J.B. Hunt customers expect full visibility, shorter delivery windows, and a seamless customer experience,” says Shelley Simpson, executive vice president, chief commercial officer, and president of highway services. “They need actionable, real-time data and reliable capacity from a company they can trust to get the job done.”

Bob Peterson, director of logistics with Farmer Brothers, selected J.B. Hunt as its logistics partner to provide best-in-class on-time delivery service to its 115 branch locations and six distribution centers.

“The challenges of replacing our private fleet and restructuring the entire supply chain network were monumental,” says Peterson. “High-level J.B. Hunt employees were actively involved in the development of sales and operations planning, and were available for each phase of the plan. Being able to deal directly with those decision-makers in their organization enabled us to have a very successful transition.”

#### CLIENT ROSTER

Goodyear  
United Natural Foods  
Home Depot  
Farmer Brothers



TIE

# Penske Logistics



Marc Althen, President



**WHY THEY WON:** Customers turn to Penske for logistics services because the 3PL provides subject-matter expertise to optimize every level of the supply chain. Penske logistics experts bring unique operational experience from a wide variety of industries including automotive, food, and beverage to help meet challenges throughout the supply chain.

Every day, Penske finds new and improved ways to coordinate all aspects of supply chain service. “Our customers are under pressure to reduce costs, and we collaborate with them in innovative ways to navigate this uneven economy,” says Marc Althen, president. “Our major

investments in technology have given our customers an edge in the marketplace. Our decades of experience, across a number of verticals, have served as a guiding post to streamlining their supply chains.”

Penske’s leadership teams work with customers to ensure responsiveness and flexibility. The 3PL has the tactical and strategic skill sets to deliver both site-specific and corporate-level solutions. Whether entering an emerging market or maximizing existing assets, their supply chain planning solutions help meet customers’ business goals.

#### CLIENT ROSTER

Ford  
Kroger  
PPG  
Lowe’s  
Nissan  
Schnucks  
Novelis



Art Smuck, President and CEO

# FedEx Supply Chain

**WHY THEY WON:** FedEx Supply Chain has the experience and skill to help companies succeed when faced with even the most complex logistics challenges. The 3PL provides objective insight into logistics processes, helping customers identify which changes to make – and which to avoid. Whether it’s an established business or a rapidly growing company, FedEx Supply Chain provides solutions designed to scale with the business over time.

“FedEx Supply Chain worked with us to find the best solution for our needs and

enabled us to scale, which we wouldn’t have been able to do alone,” says Luke Geddie, CEO of Skinny & Co.

FedEx’s experts identify opportunities in the supply chain and work to develop best-in-class solutions to achieve profitable growth.

“Our company prides itself on creating a meaningful connection with our customers,” says Deepa Gandhi, founder and chief operating officer, Dagne Dover. “We are excited to work with a 3PL that understands this and helps us create those connections.”





TIE

# Werner Logistics



Derek Leathers, President and CEO



**WHY THEY WON:** The talent, technology, and culture at Werner Logistics separate the 3PL from others. “We hire talented associates, empower them to be innovators, and have a culture that recognizes associates for their success,” says Derek Leathers, president and CEO. “Throughout this past year, Werner Logistics has focused on using our talent and technology to lead the industry in customer and carrier experience.”

Werner Logistics’ investment in technology gives customers access to capacity when they need it, and the 3PL remains committed to finding the best solution for customers. “The challenges

our customers face remain focused on managing cost, creating visibility to their shipments, and navigating regulatory and market changes,” says Leathers.

After significant flooding in August 2016, The Home Depot in Denham Springs, Louisiana, called Werner to help move product from the store quickly and efficiently.

“Werner did a fantastic job of being a great partner and stepping up to help us,” says Al Kent, director of transportation operations. “The leadership team, on-site support, and professional drivers provided effort and dedication to our store and our community in our time of need.”



Ashfaque Chowdhury, President, Supply Chain - Americas and Asia Pacific

# XPO Logistics



**WHY THEY WON:** XPO takes a vested partnership approach to their customer relationships.

“We are willing to invest significant resources and capital to create mutually beneficial solutions,” says Ashfaque Chowdhury, president, supply chain – Americas and Asia Pacific. “In this era of rapid innovation, we continue to focus on technology and automation to meet demand and overcome labor shortages.”

The 3PL’s commitment is tangible: it invested \$425 million on IT in 2016 and constantly pilots cutting-edge solutions.

“We’ve also invested significant resources in developing customized programs that deliver continuous measured cost savings and efficiency improvements for customers,” says Chowdhury.

XPO’s experience can help companies reach their end goals quickly and efficiently. “Companies leverage XPO’s scale, innovation, and expertise, as well as our global footprint,” says Chowdhury. “We work with thousands of customers – including many blue chip companies – to optimize their supply chains and prepare them for market evolutions.”

Customers commend the 3PL for going above and beyond. “We are currently engaged with XPO Logistics in a major global initiative,” says Brad Morris, vice president of global logistics and fulfillment for Nu Skin. “They have proven to be a customer-centric organization, willing to do whatever it takes to meet our needs and expectations.”

#### CLIENT ROSTER

Boeing  
Cummins  
Disney  
Verizon  
Nu Skin  
Siemens

3M • Abbott Labs • Abercrombie & Fitch • AccuTec Blades • Actuant • Acura • Adams Manufacturing • Advanced Assembly/Lear Corp. • Advanced Food Products • Afton Chemical • AGC Automotive • Agri Beef • Agropur • Ahold USA • Albers Super Markets • Albertson's Companies • Alcoa • All-Tex Supply[ ]Allianz • Almacs • Alphabet - Google • Alternative Apparel • Amazon • Amazon Robotics • AMC Trans • Amcor Flexibles • Ameren • America's Catch[ ]American Airlines Cargo • American Battery • American Eagle Steel • American Heart Association • American Paper • American Sugar • American Traders • American Wholesale Club • Ameriwood • AMF Electric • Amgen • Anchor Brewing Company • Anchor Packaging • Ankra International • Anderson Arms • Anheuser-Busch • Annamaet Petfoods • Apex Tool Group • Apollo Aerospace Components • Apple • Applebees • Appleton Coated Materials • ARC • Archer Daniels Midland • Arco • Argo Tea • Arizona Beverages USA • Arkansas Diesel Engines • Arnold Industries South • Ashley Furniture Homestore • AT&T • Atlanta Brewing Company • Atlantic Coast Brands • Atlantic Corporation • Attune Foods • Auntie Anne's • Aurora Healthcare • AutoZone • Avalon Flooring • Avery Dennison • Avitar Company • Avon • B&W Manufacturing • Bacardi USA • Badger Plug Company • Baldor/ABB • Bally Plus • Bally Sunglass & Optical • BancorpSouth • Bank of America • BASF • Bassett • Bed Bath and Beyond • Belk Hudson • Berkshire Hathaway • Best Brands • Best Buy • Best Food Service • Bestway Inflatables & Material Corp • Big D Supermarkets • Big Dutchman USA • Big K Wine • Big Lots Stores • Billabong • BIO-CAT Microbials • BioPlus • Birchbox • Biscomerica • Blanton's Candies • Bloom Brothers Furniture • Blossom Beauty Group • Blue Apron • Blue Buffalo • Blue Cow Dairy • BMS Manufacturing • Boeing • Boeing Company • Boeing Tianjin • Bookazine • BorgWarner • Bosal International • Bosch Thermotechnology • Bosch Vietnam CoLTD • Bountiful Harvest • Bowman Andros Products • Boyce Prodcuts • Boyd Metals • Boyer Candy • BP • BP Pipeline • Bracco Diagnostics • Bradford Group • Bradshaw International • Brainard Rivet Company • Brenntag NA • Brenntag North America • Bridgestone Bandag • Bridgestone Tire • Bridgville Plastics • Brighton NC Machine • Brinkmann • Bristol-Myers Squibb • Brittain Machine • Brooks Fashions • Brose Mexico SA de CV • Brown Jordan (China) • Brugola USA • Brunswick/Life Fitness • Buckskin Mining Co • Buehler Foods • Bugle Boy • Builders Square • Buildmaster Tools • BULK-FLOW • Bulldog Safety Anchors • Burger Chef • Burnett Household • Butler's Pantry • Cabot • California Carbon • Callahan Auto Parts • Campbell Soups • Camping World • Can-Do National Tape • Cannon Gasket • Canon Solutons America • Canyon Creek Cabinet • CAR-FRESHNER • Carboline • Cardinal Stores • Carl Durfees • Carl's Jr. • Carnival Cruise Lines • Carolina Beverage • Carvel • Casa Cuervo SA de CV • Cascade Aircraft • Cascades Tissue • Cascadia Vehicle Tents • Castalite • CEBI Electromechanical China •

TO ALL WHO VOTED

# Thank You



Who votes for the Top 10 3PL Excellence Award winners? *Inbound Logistics* readers do. Here's a sampling of voters' industries and company sizes—from leading corporations to SMBs. This year, more than 13,000 of you cast ballots and shared praise for the 3PLs that support your supply chain, logistics, and transportation operations, and keep your company globally competitive. Thanks to all who voted.

Celanese International • Centene Corporation • Century Drill and Tool • Champion Bolt & Supply • Chandlers • Changzhou Taijie Plastics • Channel Home Centers • Charlotte Russe • Charter Communications • Charter Steel • Chase • Chefs' Warehouse • Chemlock Metals • ChemSystems • Cher Lampors • Chevron • Chi-Chi's Restaurants • Chicago Cubs • Chicken of the Sea • Childs Restaurants • Cholula Foods • Cinnabon • Circuit City • Cisco Systems • CITCO • citi • City of St Charles • Cixi Homease Electrical • Clark Beverage Group • Clarkson Eyecare • Classic Toy • Clean Earth Systems • CleanWell • Cleveland Quarries • Clifton Pattern • Clifton Steel • Clorox • Clorox Company • Club Wholesale • Coast to Coast Hardware • Coastal Farms • Coastal Netting Systems • Coburn Technologies • Coca Cola • Coca Cola FEMSA • Coconut's Restaurant • Coleman • Colfax Corporation • Colgate Palmolive • Colordyne Technologies • Colortech • Columbian Chemical • Combustibles Modernos De Mexico • Comcast • CompuAdd • Computer City • Computer Science Corporation • ConAgra Foods • Conair • ConocoPhillips • Consolidated Fabricators • Continental Mills • Continental Paper & Plastics • Cool Pak Ag Packaging • Cooper Tire • Copoco's Honey and Bee Products • Corsicana Bedding • Costco • Cott Beverages • Cox Communications • Crandall's Fine Furniture • Crane USA • Crosman • Cummins • Cummins Emission Solutions • Cummins Power Generation • Cummins Power Systems • Current by GE • Curtiss Wright • Cushman & Wakefield • CVS Health • CWD Laundry Equipment • Dahlkemper's • Davidson Foods • Dawn USA • De-Jaiz Mens Clothing • Dean Foods • Deep Eddy Vodka • Del Monte Foods • Delco Elevator • Detroit Chassis • Deutsche Beverage Technology • Diamond Pet Foods • Dicks Sporting Goods • Disney • Diversified Refrigeration • Dole • Dollar General • Domino Foods • Domino Sugar • Dominos • Domtar Paper • Doubletree • Douglas Dynamics (Beijing) • Dove • Dover Corporation • Dow Chemical • Dr Pepper Snapple Group • Dressbarn • Duane Reade • Dunkin' Donuts • Dunn Paper • Dura Automotive • Dura-Line • Dynamic Bicycles • E & J Gallo • Eagle Distributing Company • Electrolux • Elevation Brands • Elgi Rubber • Elgin Separation Solutions • Elite Enclosures • Elizabeth Arden • Elm Farm • Emirates • Enkotec Company • Enviro-USA American Manufacturer • EnviroSource Design • Equifax • Esse Health • Estee Lauder (Shanghai) • Ethiopian Airlines • Everlast Epoxy • EW Brandt & Sons • Exacto • Excel Industries • Exide Technologies • Expo Superstore • Express Family of Companies • Extol • Exxon Mobil • F&H Food Equipment • Fabric Editions • Fabtrends • Fairbanks Scales • Falcon Fastening • Family Distributors • Family Dollar Stores • Family Toy • FamilyMart • Fanny Mae • FaradayFuture • Fayva • Federal Mining • Federal Reserve Bank • Federated Group • Fiat Chrysler Automobiles • Fiat-Chrysler • Firehouse Subs

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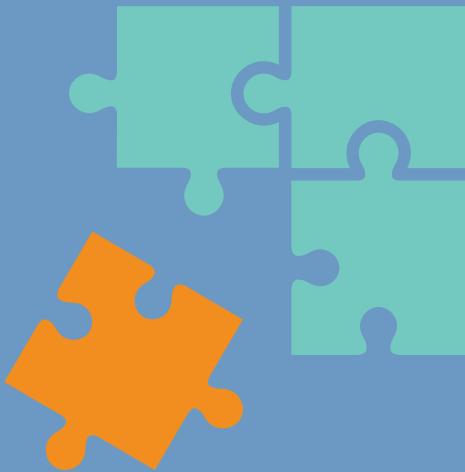


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Have a supply chain problem? These providers have answers. From logistics IT solutions to equipment improvements, these companies help shippers streamline their supply chains.

Read on to see the scope of the challenge and the ingenuity of the solution.



## Supply Chain Challenge? SOLVED!

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KANE

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Transplace

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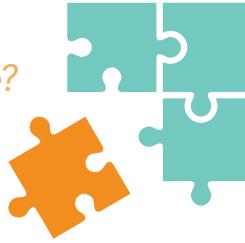
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MD Logistics

Supply Chain Challenge?  
**SOLVED!**



# KANE Thinks Outside the Box for Distribution of Insulation Products

Dow Building Solutions gained faster, more reliable distribution to customers at a reduced cost with help from KANE.

## THE CHALLENGE

Dow Building Solutions, a business unit of the Dow Chemical Company, supplies builders of commercial and residential buildings with insulation products. The company had closed down a factory in Connecticut, but was still operating the distribution warehouse next door. Dow wanted to outsource DC operations and relocate to a more economical location for Northeast region distribution. Because Dow's sturdy product can be stored outdoors in any weather, the company also wanted to capitalize on the cost-saving advantages of outdoor storage.

## THE SOLUTION

KANE's Scranton, PA campus afforded a highly centralized and economical point for Northeast distribution. In addition, the location gave Dow two capabilities that were central to the desired solution:

- **Availability of outdoor space.** With 224 acres at its Scranton campus, KANE offered the

160,000 square feet of outside space Dow needed. Since KANE owned the land, the company made some decisions that it could not make at a leased facility, including paving its gravel lots at Dow's request. KANE also ordered special equipment, such as rugged forklifts that operate well during cold Northeast winters.

- **Proximity to rail service.** Dow ships inbound to KANE via intermodal rail and needed a facility close to an intermodal ramp. KANE's campus is less than 2 miles from the Norfolk Southern-operated intermodal terminal in Taylor, PA, enabling the cost and sustainability advantages of rail transportation. KANE's fleet handles the dray back to the distribution campus, relieving Dow of this task.

The solution enabled faster, more reliable distribution to customers at a greatly reduced cost.

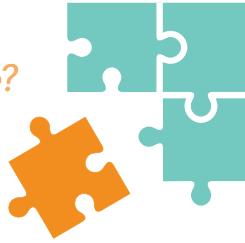


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To learn more about KANE's solutions, call 888-356-KANE or visit [www.kaneisable.com](http://www.kaneisable.com).

Supply Chain Challenge?  
**SOLVED!**



## Increasing Retail Presence

When Dippin' Dots needed more visibility in retail locations, they teamed up with SEKO to get display freezers to market quickly.

### THE CHALLENGE

Dippin' Dots recognized opportunities to improve market penetration by increasing retail point-of-sale presence in major grocery, pharmacy and retail locations. In order to make this possible, they needed to get display freezers to market quickly, manage assets in the field and ensure all displays conform to strict marketing and maintenance guidelines.

### THE SOLUTION

SEKO has reduced Dippin' Dots' transportation costs by consolidating their LTL shipments into FTL regional deliveries received by SEKO hub facilities. SEKO's training and quality managers also developed customized driver training and instructions to ensure all marketing and food safety requirements were met. The MySEKO portal was configured

to provide visibility to all assets and supply chain information for logistics personnel, and pricing structures were simplified to enable accurate cost forecasting.

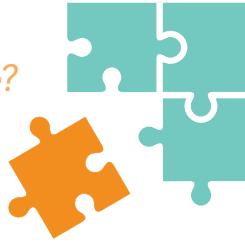
SEKO also created a customer satisfaction survey to ensure that their high-quality service delivery is maintained. Dippin' Dots has improved their speed-to-market lead time by 50% and is expected to increase retail sales locations significantly in the first year of utilizing SEKO's program.

The successes realized to date have enabled Dippin' Dots to satisfy more retail outlet display requests, and satisfy more customers than ever before.



To learn more about SEKO's solutions, call 630-919-4966, email [hello@sekologistics.com](mailto:hello@sekologistics.com), or visit [www.sekologistics.com](http://www.sekologistics.com).

Supply Chain Challenge?  
**SOLVED!**



# Improving Network Efficiency And Visibility

Transplace helped Huhtamaki reduce costs while improving customer service.

## THE CHALLENGE

As a producer of Chinet® disposable tableware products, ice cream containers, as well as paper and plastic cups and packaging, Huhtamaki is a leading supplier to the consumer goods, retail and food service industries.

With a diverse customer base that includes club and grocery retailers, foodservice operators, fast food restaurants, and more, service is critical. So it is important for Huhtamaki to maintain a smooth, on-time supply chain.

To help achieve this goal, Huhtamaki wanted to improve network efficiency and visibility, while also finding ways to reduce transportation costs across its entire U.S. operations.

## THE SOLUTION

Having previously improved its supply chain operations by outsourcing the domestic transportation management of its consumer goods business to Transplace, Huhtamaki decided to outsource this function for the food service and retail business units as well. This included the daily planning and execution of all outbound shipments from the company's facilities to customers, as well as shipments between the company's internal facilities.

By managing all three business units, Transplace was able to centrally locate the entire team, all business units, in one center of excellence. This allowed for easier cross pollination of best practices, benchmarking, and idea sharing with their business, as well as with other like shippers.

Employing Transplace's proprietary Transportation Management System (TMS) allowed Huhtamaki to automate the daily execution of all

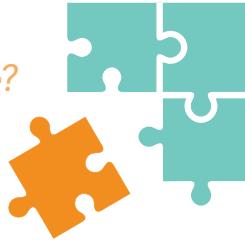


transportation activities and take advantage of optimization opportunities, including consolidating freight, converting over-the-road shipments to intermodal, and securing competitive rates through annual procurement events. As a result, Huhtamaki has been able to reduce its cost per unit, while improving customer service and creating certainty in its supply chain.

**TRANSPPLACE**

To learn more about Transplace's solutions, email [info@transplace.com](mailto:info@transplace.com), call 888-445-9425, or visit [www.transplace.com](http://www.transplace.com).

Supply Chain Challenge?  
SOLVED!



# Customized Solution Helps Retailer Find Savings and Visibility

A home goods retailer partnered with Unyson to increase efficiency and enhance visibility.

## THE CHALLENGE

With international shipping locations, accelerated growth, and no substantial Transportation Management System, this large home goods retailer needed a third party that could manage all components of their supply chain. Moreover, this provider needed to find efficiencies for increased savings and provide a granular-level detail of visibility to their network.

## THE SOLUTION

With the implementation of Unyson's Oracle Transportation Manager, the dedicated team was able to customize a solution for the retailer's unique allocation process. Unyson can now forecast retail dollar amounts to SKU level and project six months into the future. This enhancement helps department buyers stay ahead of changing trends.

Moreover, this level of visibility assists in inventory planning and DC throughput. Granular-level detail supports buyers in



leveling out volumes of containers and retail dollars coming in on a weekly basis. Advanced Shipper Notifications (ASN) allow the allocation process to be more timely.

As an added component, Unyson started a dedicated fleet program with 10 stores that lead to an added benefit of \$145K in savings and additional advertising for the customer.

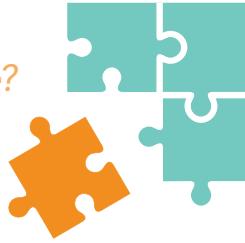
Lastly, with the implementation of a dashboard and executive newsletter, the retailer now

has the ability to view in-depth analytics almost instantaneously. This includes detailed trailer and piece count information that allows stores to plan for labor well into the future. Overall, this solution provided the retailer with savings, enhanced visibility and planning capabilities.

 UNYSON

To learn more about Unyson's solutions, call 314-819-6300, visit [www.unyson.com](http://www.unyson.com), or email [info@unyson.com](mailto:info@unyson.com).

Supply Chain Challenge?  
SOLVED!



# Supply Chain Visualization at a Glance

At ProTrans, our customers' needs drive continuous improvement and innovative solutions every day.

## THE CHALLENGE

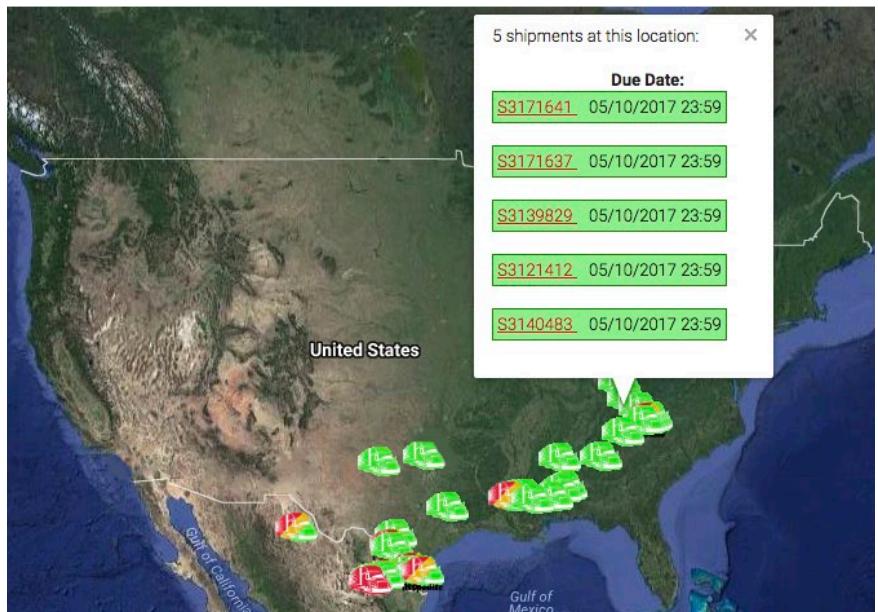
ProTrans' challenge was to create a dynamic visual track-and-trace tool to allow our customers to see all their in-transit shipments for North America in one central web page or, in the case of one customer's operations group, a comprehensive visual on large monitors in their operations hub.

## THE SOLUTION

ProTrans created a web-based Google map that interfaces with our TMS system—Optimiz. This graphic interface map shows all the customer's in-transit loads on one screen. The screen can be set to update at intervals such as every 15 minutes, 30 minutes, etc.

For ease of use, icons were utilized to designate each load. For ground loads, a truck icon was utilized; for expedite moves, a plane was utilized. Users can click on each truck/plane and a sub-window displays all the shipment IDs moving on the truck.

A visual color scheme was utilized to designate that status of the load:



- ✓ **Green** means all the shipments on the load are on time.
- ✓ **Yellow** means the load is in jeopardy of being 0-4 hours late.
- ✓ **Red** means the load is going to be 4+ hours late.
- ✓ **Green/Yellow/Red** means shipments have mixed on-time status.

Utilizing the Google map capabilities, each load can drill down to the actual street level using longitude and latitude from

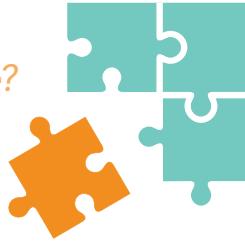
carrier's satellite check calls. In addition, clicking on each shipment can show the route of that shipment on the map.

All these features give the customer a snapshot of their supply chain shipments at a glance.

**PROTRANS**<sup>®</sup>  
A perfect fit

To learn more about ProTrans' solutions call 317-240-4100 or visit [www.protrans.com](http://www.protrans.com).

Supply Chain Challenge?  
SOLVED!



# Specialized Packaging & Personalized Fulfillment

MD Logistics' customized supply chain solution helps a luxury brand manufacturer provide a personalized shopping experience while maintaining a high turnaround rate.

## THE CHALLENGE

For almost a decade, MD Logistics has worked with a UK-based manufacturer of high-end personal care products who has spent 50 years building an internationally recognizable brand that is synonymous with high-quality luxury. To honor this identity, the customer requires clear branding on every package, no matter the final destination. From brand-named tissue paper folded in a precise manner to personalized and handwritten notes, each package must meet a strict set of guidelines. MD Logistics was tasked with developing an efficient fulfillment and packaging solution that met the customer's requirements while mitigating order turnaround time.

## THE SOLUTION

After clearly defining the customer's brand requirements, MD Logistics developed an



efficient and cost-effective strategy for personalized fulfillment and specialized packaging. MD Logistics employees personally wipe down, package and seal every product in client-branded tissue paper and boxes. By assigning dedicated employees to specially package each order, MD Logistics crafted a customized supply chain solution that meets the customer's unique brand requirements. Employees also transcribe buyer messages, write personal notes indicating who packaged the

shipment, and accommodate gift-wrapping requests. Over time, the customer's logistics needs evolved due to a variety of factors, including a substantial investment in its e-commerce platform. MD Logistics promptly developed customized, turnkey solutions that protected the bottom line. This game-changing solution allowed the company to maintain their luxury brand and continue to provide buyers with a personalized and up-scale shopping experience, while maintaining a high turnaround rate.



To learn more about MD Logistics' solutions, email [info@mdlogistics.com](mailto:info@mdlogistics.com), call 317-838-8900, or visit [www.mdlogistics.com](http://www.mdlogistics.com).

# Spilling the Beans on the Coffee Supply Chain

Coffee has been a popular drink for centuries, yet supply chain challenges – fragmented production, commodity market instability, climate change – continue to brew.



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Each day, more than 60 percent of Americans—about 200 million people—enjoy one cup or more of joe, the National Coffee Association (NCA) reports. In the 12 months that ended September 2016, individuals across the globe consumed more than 150 million 60-kilogram bags of coffee, according to the International Coffee Organization.

Coffee has been a popular drink for centuries, yet its supply chain faces ongoing and emerging challenges. Production is fragmented and most often occurs in remote and developing areas, coffee prices are vulnerable to swings in the commodity market, and climate change threatens many of the world's coffee-growing regions.

The coffee bean actually is the seed of the red-colored fruit, often referred to as a cherry, of the coffee plant. The fruit is typically harvested by hand, and the seeds or beans removed, dried, processed, and milled. Most beans come from the “bean belt,” or the countries that straddle the Equator, running between latitudes 25 degrees north and 30 degrees south, according to the NCA.





**Keurig's target is to source 100 percent of its primary agricultural and manufactured coffee products according to established responsible sourcing guidelines by 2020.**

Coffee beans don't require refrigeration and don't rapidly spoil, but exposure to moisture can cause mold and degradation. Ideally, the beans start their export journey within several weeks after being processed and milled, says Ted Stachura, director of coffee with Equator Coffees & Teas, a coffee roaster and retailer based in San Rafael, California. However, it often takes longer.

Most roasters in the United States work through green coffee importers, who provide numerous services, including logistics and financing, says Al Liu, vice president of coffee with Colectivo Coffee, a Milwaukee-based roaster, wholesaler, and retailer.

Exporters typically sell FOB, or freight on board. Payment is made once the importer receives the shipping documents, even though the coffee has just left the exporting country. It may not arrive at the importer for another one to three months.

Even many large roasters lack the time and resources to manage the chain of financial transactions. Importers act as the "wizard behind the curtain," Liu says. They monitor the coffee's movement and manage risk. For instance, an importer will work with the producer or exporter if a specialty coffee's quality is lower than it should be.

While the demand for coffee continues to grow, the coffee supply chain faces inherent challenges. Many coffee farmers live in developing countries, often in remote areas, says Colleen Popkin, senior manager of sustainability with specialty coffee

company Keurig Green Mountain. Most work just one or two hectares (about 2.471 acres) of land. No one-size-fits-all solution can help ensure production remains sustainable for the millions of coffee farmers.

Because coffee is farmed once each year in most countries, farmers are challenged to manage cash flow. Some rely on other crops for food and additional income.

## *Viable Supply Chain*

**K**eurig and other coffee companies have taken steps to establish a viable coffee supply chain that benefits all involved. Keurig, for instance, has funded Blue Harvest, an initiative coordinated by Catholic Relief Services that trains farmers on water-smart agricultural practices. This helps improve yields and promote sustainable infrastructure.

When Sustainable Harvest started operations in 1997, concepts such as fair trade, sustainability, and transparency were almost nonexistent in the coffee supply chain. "Today, they're standard," says Jorge Cuevas, chief coffee officer with the Portland, Oregon-based coffee importer and B corporation.

One reason may be the increased focus on quality. In the 1990s, the quality of fair trade coffee often lagged behind other types, Stachura says. It has since improved.

At the same time, fair trade hasn't always helped coffee farmers to the degree many hoped it would. A 2014 report by Harvard researchers, *The Impacts of Fair Trade Certification: Evidence From Coffee Producers in Costa Rica*, found that while fair trade certification was associated with increased incomes of a small group of skilled coffee growers and farm owners, other workers in coffee production saw no income gains from fair trade certification.

One solution? "More coffee roasters are forging direct relationships with farmers," says Thaleon Tremain, CEO of Pachamama Coffee Cooperative. "Farmers are posting on Instagram and communicating directly with consumers."

More than 140,000 coffee farmers in Peru, Guatemala, Nicaragua, Mexico, and Ethiopia own and govern California-based Pachamama, the first global coffee cooperative owned and governed by coffee farmers in Latin America and Africa, Tremain says.

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**The coffee supply chain begins with farmers, who are challenged to manage cash flow because, in most countries, coffee is farmed only once each year.**

The farmers in these relationships typically are larger and possess solid English language and communication skills. In return, “they can make more money per pound sold,” Stachura says.

Roasters benefit by gaining access to outstanding coffees. “You get unique coffees no other roaster has,” he adds.

Moreover, many consumers want some confidence the coffee they’re drinking was derived from sustainable, ethical sourcing practices. “If you’re able to show legitimacy, consumers will support you,” Cuevas says.

Still, removing the middlemen remains a daunting business strategy. Producers must build relationships with numerous roasters, each of which may buy only 10 or 20 bags at a time. “It’s as much work as selling 10 containers,” Stachura says.

It also adds work for the exporter, Liu says. A 20-foot shipping container holds between 275 and 320 bags of coffee beans; the exact number depends on the country of origin, as different countries have different bag weights. A micro-lot of coffee from one farmer can consist of just a handful of bags. The exporter must ensure they remain separate.

Importers also must commit to this business model. Sustainable Harvest imports specialty-grade coffees from more than 15 countries. To forge closer connections between farmers and consumers, its staff works from locations in the United States, and Central and South America. Employees train co-op leaders and farmers on optimal agricultural practices, risk management, and other functions.

For instance, Sustainable Harvest helped train women coffee growers in Rwanda on the methods needed to prepare coffee for North American markets, Cuevas says. The Sustainable Harvest Premium Sharing Rewards program enables

farmers to earn points for attending training sessions and implementing the skills they learn. They can use the points to acquire tools or other items, such as mobile phones. Roasters return part of the value-added price they get from roasting or retailing the coffee to the program, helping to fund it.

These efforts aren’t charity, “but true economics,” Cuevas points out. “At the same time, we have to understand how to lend a hand to move the tail winds in the right direction.”

Efforts to build a sustainable supply chain can benefit all involved. In the aftermath of the 2012 and 2013 outbreak of Roya disease, also known as coffee rust, which damaged production in many countries, several characteristics were common to the families that were able to replant their farms and stay on their land, Popkin says. To start, many had diversified income sources.

The farmers also belonged to strong organizations that offered information and access to credit, allowing them to feed their families and replant their crops. “Sometimes you get through challenges by improving and focusing on coffee, and sometimes you get through challenges by making sure you have a portfolio of products and a diversified income stream,” Popkin says.

### *Is This Enough?*

Some still question whether such efforts go far enough to ensure all members of the supply chain, and particularly producers, benefit equitably. On average, coffee farmers are paid at or below the cost of production, Tremain says, citing ICO statistics. “Roasters and retailers continue to reap the lion’s share of the coffee value chain,” he says. “This is unsustainable.”

To counter this, Pachamama created a vertically



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**This farmer in Mexico serves the Starbucks supply chain. The coffee giant has made addressing the environmental impact of its supply chain a priority.**

integrated supply chain. When customers buy roasted coffee from Pachamama, they're buying directly from farmers. According to a 2015 financial snapshot provided by Pachamama, farmer members were paid \$3.08, or 26 percent of the retail price, for each pound of coffee.

In addition, all profits from coffee sales are returned to the farmers as dividends or retained earnings. In 2015, this amounted to \$6.34 per pound. "Farmers are guaranteed a good price and a distribution channel that they control," Tremain says. "This allows them to invest in the future and to continue producing high-quality coffee for a long time."

Conversely, farmers in the conventional market receive about 15 to 20 percent of the retail price.

### *Climate Change*

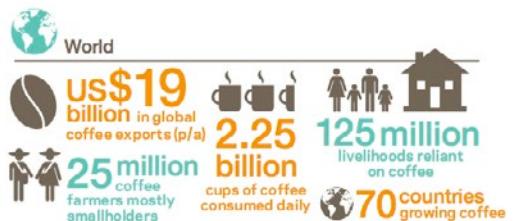
**O**ne looming challenge to the coffee supply chain is climate change. While U.S. policymakers continue to debate the causes and potential impact of climate change, a number of coffee industry experts have acknowledged its likely effect on coffee production.

On its website, for example, coffee giant Starbucks states, "The potential impact of climate change on farming communities is a key reason addressing our environmental impact is a priority for Starbucks."

"Without strong action to reduce emissions, climate change is projected to cut the global area suitable for coffee production by as much as 50 percent by 2050," states The Climate Institute

## Climate change around the Bean Belt

Distribution of coffee production across the world. Highlighting worldwide and regional/country based impacts.



SOURCE: The Climate Institute

in its 2016 report, *A Brewing Storm: The Climate Change Risks to Coffee*. Production likely will move farther up mountainsides, where it risks battling with other land uses, including forests, the report notes.

Based in Sydney, Australia, The Climate Institute encourages progressive policies for managing climate change in Australia. In late June 2017, its funds and intellectual property transferred to The Australia Institute.

The report identifies several crop adaptation strategies, such as developing more resilient production systems, diversifying crops, and shifting plantations upslope. It notes, however, that the global trend is toward intensification, as producers try to boost yields. "Ultimately, climate change is likely to push many producers out of coffee altogether," the report says.

Many involved in the supply chain are working to avoid that. "We think of coffee farmers and our supply chains as partners," Popkin says. "We need to understand the challenges they face, and how we can share in that risk and in the solutions." ■

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# LICENSE TO CHILL

**Specialized providers offer more than just standard refrigeration and freezing services. They also have value-added services down cold.**

**By Karen M. Kroll**

**F**or a long time, “cold storage served a single purpose,” says Brooks Royster, president of MTC Logistics, Baltimore, Maryland. Namely, it kept products refrigerated or frozen.

**That’s changing.**

**Here’s a look at 12 trends that are shaping cold chain logistics.**

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Cold storage provider Americold offers customer-dedicated temperature-controlled warehouses to guarantee available capacity.

## 1. NEW SERVICES.

Temperature-controlled warehouse, truck, and trailer providers are adding numerous services—including logistics management and repacking operations—to their portfolios. Indeed, 56 percent of the cold chain industry's revenue now comes from non-storage activities, according to the International Association of Refrigerated Warehouses' 2016 *Productivity and Benchmarking Survey*.

For instance, a shipper that imports clementines from Morocco may engage its cold-chain provider to separate massive containers of the fruit into retail-sized packages. For some cold-chain shippers, a provider can help identify less-expensive international and/or domestic transportation routes.

"The value-add services have become equally important as the cold box," Royster says.

## 2. FASTER INVENTORY TURNS.

Dick Cold Storage, based in Columbus, Ohio, used to store many products for three to six months. Now, long-term storage accounts for less than one-tenth of the firm's total income.

In its place are many products that ship in and out on the same day. "We run an organized, high-velocity distribution center," says Jason Dick, vice president and operations manager with the firm. Within hours after customers drop pallets on the dock, they're gone. Shippers save on storage costs and move products to their destination more quickly.

The velocity is exciting, yet requires sharing accurate, detailed information across the supply chain, Dick adds. This includes unique pallet numbers, code dates, mixed code dates, pallet case counts, and item descriptions.

An efficient high-velocity cold chain also requires manufacturers' bills of lading that accurately match a load's physical description, so they provide the next party in the supply chain with all traceable information.

## 3. AUTOMATION.

"If I were to pick one recent trend that stands out, it's the higher degree of automation," says Joe Couto, chief operating officer with Minneapolis-based HighJump, a provider of supply chain network solutions.

Until the past few years, automation had been more prevalent in other parts of the world, such as Europe, where

land and labor are more expensive. Many North American firms lagged.

That's no longer the case. In addition to the efficiencies automation can bring, it's a way to compensate for the difficulty in finding qualified employees.

Similarly, more cold chain providers are turning to robotics to rack and pick goods and handle other functions. "Some logistics systems look like a giant kids' playset," says Robert Fay, president of Florida Freezer, North Fort Myers.

Automation also can cut energy consumption. Providers can reduce the physical opening to the cold storage to the size of the goods themselves—whether a full pallet or single units on a conveyor—reducing cold loss, Fay says. The system also can send an alert when, for instance, a door is stuck open and allowing cold to escape.

## 4. ENERGY-EFFICIENT FACILITIES.

Many cold-storage providers are deploying technology to monitor electricity costs and usage, Royster says. Their goal is to cut usage as the cost per kilowatt increases throughout the day. The facilities are designed to maintain their temperature even as they consume less energy.

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To improve service to cold-chain customers, MTC Logistics operates three distribution centers strategically located to move temperature-controlled products safely and cost effectively.

## 5. MORE EFFECTIVE MATERIALS.

The basic science behind cooling a building hasn't changed, but the materials to do so continue to advance. For instance, polystyrene as insulation on pipes not only is more efficient than urethane, but it also doesn't retain water, Fay says. That reduces the risk it will rust the pipes.

"Improved packaging provides extended transit time," says James Wilkinson, perishables manager of sales, international group with Yusen Logistics (Americas). One example is Maxtend technology, developed by Mitsubishi Australia Limited. This atmosphere control system manages the carbon dioxide and oxygen levels that fruit and vegetables release in transit, mitigating spoilage and product deterioration.

## 6. HIGH-TECH TRUCKS AND TRAILERS.

It's not just buildings that feature more sophisticated cold-chain technology. Trucks that incorporate conveyors

can load and unload themselves within minutes, Couto notes. This saves on labor and reduces the risk of violating the cold chain, as the products are on the dock for a shorter time. Manual loads and unloads can run 45 to 60 minutes, he adds.

## 7. REDUCED WASTE.

Up to 40 percent of food in the United States goes uneaten, according to a report by the Natural Resources Defense Council. Many factors drive this percentage, but given the volume of food that moves through the cold chain, it plays a role.

One underlying challenge has been accurately anticipating demand. Companies need to develop supply chains with the flexibility and capability to move the right amount of product to the right place at the right time. "It's the supply chain ethos, which holds even more true for perishable items," says Toby Brzoznowski, co-founder and executive vice president of Llamasoft, a supply chain design technology provider based in Ann Arbor, Michigan.

That need is driving the application of demand analytics. Supply chain professionals are going beyond product

category to identify relevant buying patterns. For instance, companies traditionally analyze products based on attribute, so they compare one brand or flavor of yogurt against other yogurts. But it can make more sense to focus on consumers' buying patterns, Brzoznowski says. An analysis might show consumers' yogurt buying habits are more similar to those of apples than other dairy products.

By applying this information, cold chain professionals can tailor production and distribution to reduce the number of products that expire before they're purchased.

## 8. E-COMMERCE.

E-commerce transactions are impacting the cold chain. "Not so long ago, our industry was focused on full-pallet-in, full-pallet-out transactions," says Daniel Cooke, director of marketing with Atlanta-based Americold, a provider of temperature-controlled infrastructure and supply chain solutions. Today, food producers are increasing SKU counts to meet customers' growing preference for home delivery of individual items and meal kits.

"That, in turn, requires a greater SKU count on trucks, more pick faces



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To attract and retain qualified employees, U.S. Cold Storage provides training and support at all levels and in every department.

in warehouses, high rates of replenishment, and faster overall cycle times,” Cooke says.

## 8. PREFERENCE FOR FRESHER FOOD.

Consumers’ preference for food that’s fresh and local, rather than frozen or shipped across the country, also impacts the cold chain. The breakdown between frozen and refrigerated food used to be about 80 percent frozen, and 20 percent refrigerated, says Corey Rosenbusch, president and CEO with the Global Cold Chain Alliance (GCCA), a trade group representing the major industries engaged in temperature-controlled logistics. That’s shifting.

The trend toward fresh food is compelling cold-chain providers to find creative ways to provide fresh products without incurring skyrocketing costs.

“It requires strong tactical execution of details,” says Pan Chen, senior director of business analytics with HAVI, which helps foodservice companies optimize their supply chains. Supply chain professionals need to consider, among other factors, how long the food can remain fresh, and their cross-docking and refrigeration capabilities.

The interest in fresher food also is prompting many shippers to establish regional supply chain networks, says Jay Moss, president of specialized services

with Transplace, a non-asset-based logistics services provider headquartered in Frisco, Texas. While this won’t happen overnight—building warehouses and distribution centers takes time, after all—the move is underway.

Regional routes also allow more drivers to return home at night. That likely will help cold storage providers attract and retain truck drivers, Moss adds.

## 10. CONTINGENCY PLANNING.

The fear that a disaster will force the shutdown of an operation keeps many supply chain professionals up at night. With products that require a temperature-controlled environment, a thorough contingency plan is even more critical.

“Contingency planning requires collaboration with service providers, granular detail, and a willingness to change,” Chen says. For instance, he worked with a chicken company that had one line devoted to patties and another to nuggets. They re-worked the lines so both could do either—a key ability if a line went down.

## 11. CAPACITY CRUNCH.

The GCCA’s latest report finds an average occupancy rate of more than 85 percent, which most industry experts consider full, Rosenbusch says. One

reason is the proliferation of SKUs, as manufacturers continue to add flavors, sizes, and types. In addition, construction of new space slowed during the recession.

## 12. LABOR.

The difficulty many supply chain companies experience in attracting and retaining qualified drivers and warehouse employees is even more pronounced within the cold chain. “People in our industry work in a cold, harsh environment,” Rosenbusch says.

Moreover, the move to electronic logging devices may prompt some smaller firms to exit the business. “Anything that affects capacity affects specialty markets, such as the cold chain, to a greater extent,” Moss says.

Given that the Supreme Court recently declined to hear arguments against the electronic log regulation, it appears poised to move forward. Firms that haven’t prepared to implement these tools have little time to catch up.

Several tactics will be key in reversing the labor shortage. One is telling the bigger story of jobs within the cold chain. “We’re helping to feed the world,” Rosenbusch says.

Another is developing solid career paths. Cold-chain employees might start as case selector, and then advance to shift lead, supervisor, and into management. “They will not be in a freezer for 40 years,” he adds.

Another critical tactic is telling potential candidates the work is more advanced than they may realize. Employees aren’t simply driving forklifts, for instance; they need to know how to handle food and pharmaceuticals safely, such as complying with allergen protocols. Most providers apply technology, including warehouse management systems, RFID, and even drones, to a greater extent than some might assume.

The cold chain will continue to advance and the application of technology will continue to expand. “Cold chain logistics is a more sophisticated industry than some might think,” Royster says.

We’ll be chilling out for a long time to come. ■



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# Managing Project Logistics: **SPECIAL DELIVERY**

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Double Ace Cargo handled all the logistics for the shooting of *The Fate of the Furious* in Cuba, including chartering the Höegh *Inchon*, an exclusive RoRo ship, to move all the cars, trailers, and special effects equipment.

Logistics companies handling special projects need persistence and ingenuity—and have to expect the unexpected

By Tamara Chapman

**W**hether they are supporting ventures in embargoed countries or first-ever projects in remote locations, logistics providers must be prepared to think quickly and clearly when unanticipated challenges arise. Here are several examples of special project teams in action.

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**Double Ace had to secure a special permit to make sure the ship carrying all the cars, trailers, and mobile units for movie production would depart Cuba and arrive back in the United States in time for shooting at additional locations.**

### Turbo-Charged Movie Logistics

Of the 136 vroom-vroom minutes that make up *The Fate of the Furious*, only about 15 take place in Havana, Cuba.

Jam packed with rubber-meets-the-road scenes for actor Vin Diesel, those fleeting 15 minutes took roughly three weeks of long days to film—and months of around-the-clock logistics planning. And, like so many special logistics projects, the planning and execution were not for the faint of heart.

In many ways, Cuba was a natural choice for the *The Fast and the Furious* movie franchise, offering an exotic setting known for its vintage car culture. But the island nation hadn't hosted a major Hollywood production crew in more than 50 years—and it's safe to say that it had never hosted the kind of pyrotechnic extravaganza associated with the turbo-charged films.

The task of getting the whole operation from Miami to Havana fell to Double Ace Cargo, a freight forwarding specialist based out of Florida. The firm is one of the few

logistics providers already versed in the ups and downs of working with Cuba, making it a logical partner for the movie studio's own logistics team.

"We are very active in trade with Cuba," says Ernesto Vila, Double Ace president. "It is not our biggest market, but it is special to us." Cuban Americans founded Double Ace, he adds.

The *Furious* project represented Double Ace's first foray into movie logistics. And while the logistics behind any film are complex, they're especially challenging when the cast and crew go on location outside the country, and exponentially more challenging when that excursion involves negotiating one of the longest-lasting trade embargoes in U.S. history.

"When we work a movie production, our typical scenario is to move a lot of the production equipment, but not the props," Vila says. In other words, film crews move everything they can't acquire or lease at the site, so long as it withstands cost-benefit analysis. For *The Fate of the Furious*, Double Ace had to move almost everything to Havana—from the trailers to

accommodate cast and crew, to the mobile units for production, to the countless vehicles equipped with special brakes and engines for the daredevil driving.

Getting all that equipment to and from Cuba on a tight schedule required Vila and his team to perform lots of behind-the-scenes work. They chartered the *Hoegh Inchon*, a RoRo (roll on/roll off) ship, to make loading and unloading all the wheeled cargo easier.

### Moving Without Delay

That part was fairly simple. What wasn't easy, given regulations, was making sure that the ship could depart Havana and return all the equipment to U.S. soil in time for scheduled shooting at additional locations. After all, U.S. regulations then in place required that any cargo ship docking in Cuba could not dock at a U.S. harbor within six months of departing the Caribbean country.

A six-month delay would have cost the *Furious* production company untold millions, so, Vila says, Double Ace pursued, and acquired, a special license from the

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Bureau of Industry and Security at the Department of Commerce. The permit allowed the *Hoegh Incheon* to return directly to Miami.

Double Ace also chartered a plane to get the crew, camera equipment, and additional gear to Havana. Everything went smoothly with that operation, Vila recalls, until the plane landed at its destination.

“The most complex part of the project was the reception in Cuba,” he says. At that point, officials on the ground introduced a change that upended Vila’s carefully constructed plans. Rather than route the plane to a cargo terminal, where all the equipment could clear customs smoothly, officials dispatched it to the passenger terminal.

Once there, all the gear had to clear customs alongside passengers from all over the world. The same equipment, processes, and personnel for screening suitcases were deployed for cumbersome cameras, boom poles, audio cables, and microphones.

The process added hours to an already tight schedule and tension to an already nerve-racking situation. Fortunately, everything turned out well, Vila says, but not before the *Double Ace* and *Furious* crews entertained all sorts of worst-case scenarios. Had the customs team refused to admit any of the gear, it could have hobbled production.

“Several resources were on hold for many, many hours,” Vila explains. “I feared that



Even the classic cars that were destroyed during filming of *The Fate of the Furious* had to appear on customs manifests for the return trip to the United States.

could escalate into a real problem.”

Another complication arose with Cuban requirements that customs manifests account for every—emphasis on *every*—item shipped into the country. A single item left off the list could have presented problems at customs. For the return trip, every item on the entry manifests—again, *every item*—had to appear on the return lists.

“Even vehicles that were basically destroyed had to go back,” Vila says. “Everything that went in had to go out.”

Once the crew was established in Havana, Vila thought *Double Ace* was done for a couple of weeks. But then the realities of the Cuban economy set in, and Vila was called on to charter an additional jet to rush food items and consumer goods—tubes and tubes of sunscreen, bottles and bottles of water—to the set.

Despite the change in plans at Cuban customs, and despite the rush delivery of necessities, filming went smoothly. After three weeks, as the schedule dictated, the crews wrapped up production, and then, Vila says, “we did everything in reverse.”

### Bringing Solar Energy to Dubai

**F**ossil fuels? Or rays of sun? For the ruler of Dubai, the choice is clear. He’s investing in the natural resource that’s clean, plentiful, affordable, accessible and renewable. He has put his name and certainly his wallet behind the massive Mohammed bin Rashid Al Maktoum Solar Park, billed as the world’s largest single-site photovoltaic operation.

For Chaminda Gunasekera, the new solar park represents a shining beacon of logistics ingenuity. Gunasekera serves Chicago-based third-party logistics provider SEKO Logistics as director of network development for the Middle East, Africa and the Indian subcontinent. It was his job to ensure that two 92-ton transformers, essential to the solar park’s viability, made



Even after shooting began, *Double Ace* had to expedite supplies such as water and sunscreen to *The Fate of the Furious* movie set in Cuba.

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it from the port of Dubai to the project site on time and in good condition.

In many other locations, that might have been a relatively matter-of-fact operation. But in the Emirate of Dubai, the physical terrain and business landscape presented singular challenges.

The first challenge concerned cost containment around import duties. “We worked on getting the whole project on a duty-free program, because in Dubai there is no duty-free allowance for a solar project,”

Gunasekera recalls. Duty-free allowances typically are awarded only to imports for manufacturing, not construction, projects.

That done—and it was easier said than done—Gunasekera also had to arrange all the port and road clearances and conduct the risk analysis associated with the project. “This whole project is actually built on the Dubai ruler’s private property,” he says. As a result, access to the site was strictly controlled. In fact, contractors, crews, and the trucks carrying all the solar panels, the two

transformers, and the equipment needed for a successful installation were allowed on the road only between the hours of 10 p.m. and 6 a.m.

“Everything happened only after 10 p.m. because the Dubai ruler used this road most of the time,” Gunasekera says. “Other vehicles were not allowed on the road because it’s private property. He agreed to open the road for us only at 10 at night, with a police convoy and police escort.

“We had to be very careful,” he adds. “He has 16 falcons...and goats, and deer, and all his pets. We had to train the drivers how to avoid killing these pets.”

## Touring Show Gets Logistics Satisfaction

**Some logistics jobs come with a soundtrack.** For the team charged with moving the 500-plus items featured in *Exhibitionism*—a four-year, 12-city touring show that covers the lifespan, to date, of the Rolling Stones—that soundtrack might well feature a continuous loop of *19th Nervous Breakdown*.

After all, the loot on display includes an array of priceless items, everything from onstage and offstage garments to handwritten lyric books and personal diaries, as well as some of the band’s most treasured instruments.

The nail-biting job of moving these artifacts between locations belongs to DHL, a global brand known for, among other things, its logistics work with the entertainment industry.

In an interview by email, Christine Nashick, chief marketing officer of DHL Express Americas, recalls the complex operations behind the first stagings of *Exhibitionism* in London, New York, and Chicago.

For the show’s global launch in London, one of DHL’s most important tasks was delivering the Marquee Club doors to the site. These adorned the venue that hosted the first-ever live performance by the Stones, making them sacred to die-hard fans.

After the show left London, Nashick says, DHL assumed responsibility for delivering event infrastructure, most of the artifacts, and even the merchandise for the exhibit’s retail efforts. Each time the exhibit moves, the logistics team must be summoned into action. “Overall, the size of the team and time committed has varied depending on the level of activity taking place,” Nashick says.

Clearing customs for a show like this can be challenging, but for the U.S. leg of the tour, that proved relatively easy, Nashick says. The bigger headaches centered around transportation.

“One of the biggest challenges when touring a show like this can be logistics,” Nashick explains. “We knew we had to pay special attention and due care to the fragile artifacts being transported.

“The exhibition was moved by a combination of air, sea, and road,” she adds. “The packing of the show pieces was undertaken in part by DHL and an art handler who specializes in moving fragile items. Fifteen shipping containers of freight were required to transport this iconic body of work.”

Wheeling Stones memorabilia on traffic-clogged highways or flying it through even the friendliest skies is fraught with “what ifs.” Road closures, flight delays, turbulent weather—all had the potential to stall progress and inflate costs.

“We did have contingency plans in place; for example, the operations team had alternative routing that could be deployed and additional resources that could be called upon,” Nashick says.

Fortunately for the team’s sanity, Plans B, C and so on were unnecessary. No one needed Mick, Keith, and the gang to come to their emotional rescue.

### When Drivers Are Cargo

**W**hat’s more, extra vans and buses had to be dispatched to the site—all within that 10-to-6 timeframe—to ferry drivers off the property once they had left their loads at the solar park. They had to be ferried back to retrieve their trucks after all the cargo was unloaded.

The site itself—4.5 square kilometers of ever-shifting, wind-swept desert sand—presented enormous obstacles. “Basically the ground had to be compacted and prepared, because it is just desert,” Gunasekera says. “Nothing was there except camels and insects.”

Nothing at all. No concrete platforms to receive unloaded materials. No facilities for the crew. No snack shops or canteens.

The elements didn’t help either. The wind factor was so strong that lifting and moving the transformers by crane was out of the question. One good gust and both crane and transformer could have toppled. To forestall this disaster, the logistics crew devised a hydraulic jack system to convey the heavy loads to their final destination.

By the time SEKO successfully delivered the transformers, Gunasekera had worked his way through countless “what could possibly go wrong” scenarios. None came to pass, but they did offer invaluable experience for solar energy logistics in the region.

“No one had done a project of this magnitude in Dubai previously, so no one had any experience,” Gunasekera explains.

Now, SEKO and Gunasekera have been there and done that. Next time, it’s rinse and repeat. ■



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# SUMMER

Reading Guide 2017

Add these books to your summer reading list to keep your logistics and supply chain skills sharp, even while you enjoy some time away from the office.

**By Jason McDowell**



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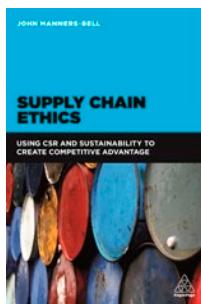
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# SUMMER

## Reading Guide 2017

### Supply Chain Ethics—Using CSR and Sustainability To Create Competitive Advantage

By John Manners-Bell



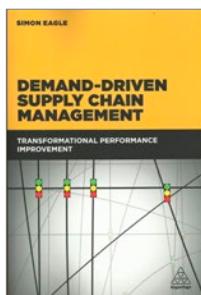
Supply chain stakeholders can no longer afford to rush to the cheapest supplier. From climate change to human trafficking, any number of ethical concerns can impact today's global supply chain. This book shows supply chain managers not only how to address moral obligations in an end-to-end supply chain, but also how to do so in a way that drives value and growth.

**Highlights:** Many businesses choose to ignore their obligation to build a sustainable supply chain, relying only on bare minimum efforts to comply with guidelines laid forth by their governments. Business leaders have a responsibility to create an integrated approach to public policy that takes into account environmental, social, and economic factors.

**Quick Takeaway:** Many ethics violations are not overtly intentional, but result from a lack of supply chain visibility.

### Demand-Driven Supply Chain Management—Transformational Performance Improvement

By Simon Eagle



Traditional methods of pushing supply were invented in different times, when holding large amounts of inventory was the norm and market stability was predictable. Modern supply chain managers, however, realize the value of demand-driven replenishment practices. This book lays out the what, why, and how for anyone looking to understand or implement demand-driven supply chain

strategies and processes.

**Highlights:** Materials requirement planning has become an outdated method that doesn't account for the modern supply chain's ability to collect and analyze data. Demand-driven supply chains operate more efficiently, hold less inventory, require less transportation capacity, avoid stock outs, and improve service levels.

**Quick Takeaway:** Forecast-based push systems fail because forecasts are, by their nature, inaccurate to some degree. Supply chain managers are constantly adjusting to match new forecasts, which only drives inefficiency.

### On Time, In Full—Achieving Perfect Delivery With Lean Thinking in Purchasing, Supply Chain, and Production Planning

By Timothy McLean



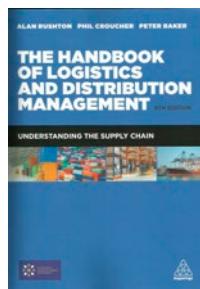
Meeting product delivery windows sounds easy, but in practice can be extremely difficult. Many factors work in tandem to bring a shipment to its destination on time. This practical guide breaks down complex practices and concepts to help manufacturers and supply chain managers ensure on-time delivery.

**Highlights:** On-time delivery shouldn't seem like an impossible feat and it shouldn't break the bank. Understanding shipment processes end to end enables supply chain managers to implement the appropriate Lean solutions in the proper places to ensure consistency and cost effectiveness.

**Quick Takeaway:** A strong and Lean supply chain not only retains existing customers, but is also a powerful negotiating tool when seeking new ones.

### The Handbook of Logistics and Distribution Management—Understanding the Supply Chain, 6th Edition

By Alan Rushton, Phil Croucher, and Peter Baker



This handy reference for students and practitioners alike covers every major distribution, logistics, and supply chain management-related topic. Advances in supply chain practices occur continuously, making this indexed guide a highly useful tool for those who need to stay in the know on the latest industry best practices, philosophies, and theories.

**Highlights:** A virtual A to Z of logistics practices, this book provides a general overview of nearly any concept or practice a reader may not be clear on. Updated to reflect the most recent changes in supply chain management, the sixth edition includes new or revised content on costs and trade-offs, demand forecasting, inventory planning, international freight forwarding, and outsourcing logistics.

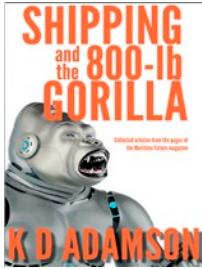
**Quick Takeaway:** Fostering an environment of partnership, engagement, and communication between a client and logistics provider is key to ensuring a successful relationship.

# SUMMER

## Reading Guide 2017

### Shipping and the 800-lb Gorilla

By K.D. Adamson



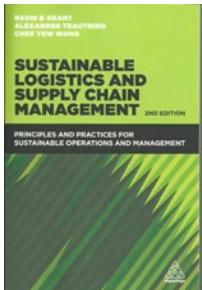
Covering topics from autonomous ships to artificial intelligence to brand image, this collection of articles and essays from futurist K.D. Adamson both praises and criticizes the maritime industry. The book examines what's coming in ocean shipping's future, and what the industry must do to prepare for it.

**Highlights:** The shipping and maritime industry consistently fails to predict the impact of disruptive technologies. Adamson argues that the industry must come together to create a more comprehensive long-term vision that anticipates technological advances and how they should be implemented, defended against, and taken advantage of.

**Quick Takeaway:** The global shipping industry has become so sure of its place in the world that it fails to adapt quickly and necessarily to change.

### Sustainable Logistics and Supply Chain Management—Principles and Practices for Sustainable Operations and Management, 2nd Edition

By David B. Grant, Alexander Trautrim, and Chee Yew Wong



The impact of climate change is edging closer to irreversible levels and the rise of technology enables consumers to see how the supply chains of the brands they buy impact environmental and social factors around the globe. This book examines sustainable practices in nearly every aspect of the supply chain to help executives and supply chain leaders operate responsibly.

**Highlights:** The environmental impact of the supply chain goes beyond fuel usage and greenhouse gas emissions, extending into purchasing, warehousing, packaging, and product design. To move responsibly into the future, companies must incorporate sustainable practices into their business model.

**Quick Takeaway:** Science-based approaches can help managers sustainably operate nearly any aspect of the supply chain.

### Successful Supply Chain Vendor Compliance

By Norman A. Katz



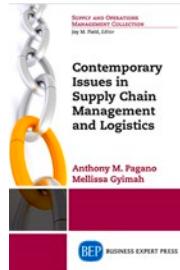
Managing multiple vendors is difficult, and without an effective vendor compliance program in place, all parties face increased costs and strained relationships. The author outlines how to build a program that educates vendors and enables them to meet compliance demands through self-management instead of relying on increased bureaucracy and communication.

**Highlights:** Vendor compliance programs don't have to be a headache. If properly managed, the right relationship with the right vendor can benefit both partners and reduce supply chain disruptions.

**Quick Takeaway:** A properly managed relationship with the correct vendor can set a company apart from its competitors.

### Contemporary Issues in Supply Chain Management and Logistics

By Anthony M. Pagano and Mellissa Gyimah



Countless books detail the basics of supply chain management, but books that focus on documenting current trends are more difficult to come by. The authors delve into supply chain practices on the cutting edge, giving readers insight into global issues and trends today's logistics practitioners face.

This guide is a handy reference for practitioners who want to stay on top of the changes impacting their supply chain.

**Highlights:** This book covers several hot-button issues, including public-private partnerships in transportation infrastructure, the need to improve forecasting and demand models to better predict the toll of increased traffic on economies, and the latest supply chain technology developments in the United States.

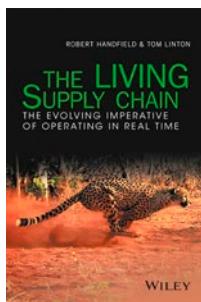
**Quick Takeaway:** Logistics professionals who stay current on new developments and technologies will be most suited to lead supply chain strategy for their organizations, and best positioned to be tomorrow's industry thought leaders.

# SUMMER

## Reading Guide 2017

### The LIVING Supply Chain—The Evolving Imperative of Operating in Real Time

By Robert Handfield and Tom Linton



The LIVING—Live, Intelligent, Velocity, Interactive, Networked, and Good—supply chain method helps companies navigate emerging trends and changing technologies as they build a real-time, more sustainable supply chain. Many traditional supply chain strategies are beginning to break down, making new rules for supply chain management necessary.

**Highlights:** Each word forming the acronym LIVING comes with a valuable question attached to help supply chain managers evaluate their supply chain and its methods. Each word drills down into key areas of focus, including visibility, data, speed, and sustainability.

**Quick Takeaway:** Balanced, sustainable supply chains are the way of the future; selfishly designed supply chains are doomed to fail.

### International Supply Chain Relationships—Creating Competitive Advantage in a Globalized Economy

By Patrick Daly



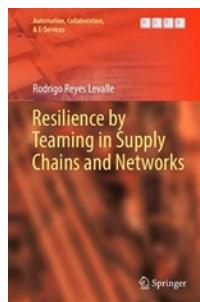
You can't make a chain by yourself. Each link in the supply chain represents a relationship, and maintaining those relationships is what makes the global economy run. To be successful, supply chain practitioners must have the tools, strategies, and communications skills to keep relationships healthy, or they risk breaking a link in their chain.

**Highlights:** Strategic relationships are critical to the success of any business, and fostering relationships on international, inter-organizational, and multi-disciplinary levels is crucial to the success of the modern supply chain manager. Even short-term strategic partnerships can be critical to success.

**Quick Takeaway:** Maintaining healthy relationships with supply chain partners at all levels helps mitigate disruption caused by changing trends and practices

### Resilience by Teaming in Supply Chains and Networks (Automation, Collaboration, and E-Services)

By Rodrigo Reyes Levalle



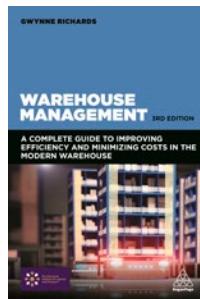
After a global disaster, some supply chains face severe disruptions while others seem to keep moving right along. Why? This book explores the concept of supply chain resilience and how even companies prone to disruption can design a supply chain that's resistant to the unpredictable.

**Highlights:** Resilience by teaming is the old "one stick breaks, a bundle of sticks is strong" concept, but for supply chain partners. If many weaker partners collaborate to ensure continuous service, they become much more difficult to disrupt than if they were to stand alone.

**Quick Takeaway:** The first step toward operating a resilient supply chain is admitting that it is vulnerable to internal and external threats.

### Warehouse Management—A Complete Guide to Improving Efficiency and Minimizing Costs in the Modern Warehouse, 3rd Edition

By Gwynne Richards



Warehouse managers don't just manage goods. They also manage teams of people and must stay up to date on the latest regulations and technologies—including equipment and software—amid myriad other responsibilities. This newly updated reference book covers nearly any issue warehouse managers might face as they strive to run an efficient and cost-effective facility.

**Highlights:** This new edition features new or updated sections on warehouse technology and robotics, as well as warehouse design and the challenges e-commerce creates. It also comes with downloadable tools to help warehouse managers audit their own operations.

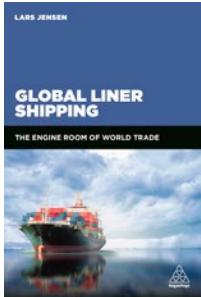
**Quick Takeaway:** The benefits of improving warehouse operations outweigh the costs. An improperly run warehouse can be one of the costliest parts of the supply chain.

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## Reading Guide 2017

### Global Liner Shipping—The Engine Room of World Trade

By Lars Jensen



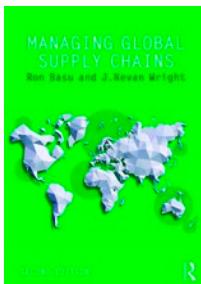
The advent of modern shipping lines changed the way global commerce occurred, allowing goods to move in large quantities between any two points in the world. Now, with a capacity crisis fading and disruptive technologies on the horizon, this book helps logistics managers deal with challenges, both current and future.

**Highlights:** Every supply chain manager deals with goods, components, or materials that moved by ocean transport, so there is value in understanding this transport method. Each chapter ends with a case study that puts the contents of the chapter in context, helping to apply concepts and theories to real-world events.

**Quick Takeaway:** Ocean shipping plays an important part in maintaining international stability and security.

### Managing Global Supply Chains, 2nd Edition

By Ron Basu and J. Nevan Wright



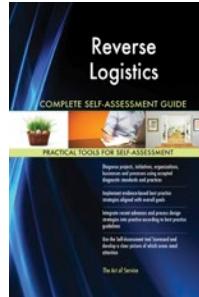
As technology, transport methods, regulations, environmental concerns, and numerous other factors continue to change the way the supply chain operates, practitioners must stay up to date with current best practices. This book gives an updated overview of currently used supply chain methods and how they apply across multiple verticals.

**Highlights:** The updated chapters on e-business, emerging markets, and sustainability combine with current case studies to show how the most recent advances in supply chain methods function in practical environments. The author offers a plethora of practical, evidence-based advice on how to build a lean and agile supply chain in nearly any vertical.

**Quick Takeaway:** Even though supply chains vary in size and form, the most basic principles of supply chain management apply across all verticals in operations of all sizes.

### Reverse Logistics—The Complete Self-Assessment Guide

From The Art of Service



Logistics is a complicated and many-faceted field, so implementing or maintaining a reverse logistics program can often seem like a daunting task. Through this self-assessment, supply chain and logistics managers can review their existing operation and see what's missing, what's already in place, and how it all stacks up against best practices and industry standards.

**Highlights:** It's difficult to know what data you need to begin or improve a reverse logistics program if you don't know the right questions to ask. This book's questionnaires ask the correct questions to help any supply chain practitioner evaluate the performance of their reverse logistics operation.

**Quick Takeaway:** A proper self-assessment can occur only if the assessor keeps an open mind about whether or not the operation needs improvement.

### The Supply Chain Revolution—Innovative Sourcing and Logistics for a Fiercely Competitive World

By Suman Sarkar



It's time to take the supply chain out of its silo. Major global brands such as Starbucks, Zara, and TJX have realized that they can no longer consider the supply chain as a function that rests behind the scenes. The supply chain is not just an easy place to cut costs, but is a source of value. The author draws on 20 years of experience and practical examples to show supply chain practitioners how to get the

most out of not only partners and suppliers, but also internal corporate resources.

**Highlights:** Sales, marketing, research and development, and customer service departments must learn to collaborate with supply chain and procurement teams to discover breakout solutions that provide the most value. Supply chain and procurement professionals must also learn to collaborate with others if an organization hopes to have the most efficient supply chain possible.

**Quick Takeaway:** Use performance-based metrics to avoid clashing with suppliers and partners. If everyone knows the threshold for successful partnership from the beginning, there's no reason for conflicts to arise.



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## DC Solutions | by Jennifer Baljko

### Improving Food Distribution: Knife, Spoon, and Forklift

**F**ine foods purveyor and distributor Ace Endico Corp. wanted to keep its warehouse operators motivated and safe, lessen the fatigue they feel from high-volume order-picking, and give them the tools they need to perform well in a physically demanding environment. Like all businesses, Ace Endico also wanted to increase productivity, improve its distribution center's efficiency, reduce order-pick errors, and satisfy customers with quick-turn deliveries.

The supplier learned those goals were not mutually exclusive, and was able to achieve them thanks to the dedication, commitment, technology, and equipment from its long-time partner, Crown Equipment Corp.

Ace Endico may have come from humble beginnings, but its commitment to continuous improvement has made it a competitive full-service food supplier in the New York tri-state area.

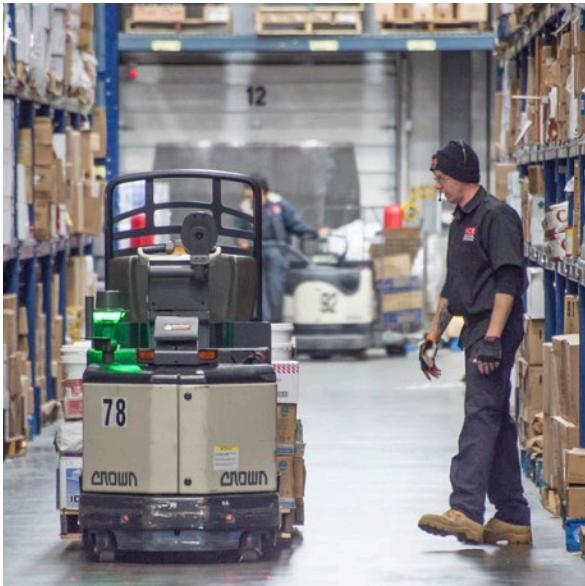
The family-run company, founded in 1982, started in a small garage in Mt. Vernon, New York. Consistent growth compelled two moves, first to a facility in Elmsford, New York, in 1993 and then again in 2005 to its

current 125,000-square-foot distribution center in Brewster, New York.

Today, the company offers its customers—restaurants, hotels, country clubs, casinos, cruise lines, athletic venues, and education facilities—about 10,000 products across the dairy, produce, meat, seafood, and dry and canned goods segments.

Its 20,000-square-foot climate-controlled shipping and receiving dock is equipped with 15 bay doors. Its products, tiered in 5 million cubic feet of storage capacity, move in and out of the facility's 11 temperature zones on a nearly constant daily cycle of picking, distribution, and replenishment.

A fine foods supplier optimizes order picking and improves worker safety with systems that pass the taste test.



**Crown's QuickPick Remote system helps order pickers save up to five seconds per pick. The technology also helps with employee retention by reducing the physical stress associated with low-level order selection.**

Employees work three shifts around the clock, seven days a week, to keep up with demand and physically intense order fulfillment requirements. Customers, including big-name venues such as Yankee Stadium and the Bronx Zoo, can place orders until 5 p.m. About 30 percent of the 700 orders Ace Endico receives daily come in after 3 p.m., says Matthew Hertzberg, Ace Endico's vice president of operations.

Ace Endico's order selectors, many of them working the overnight shift, dash to get the cases on the delivery trucks, which start rolling out at 3 a.m. During the busy spring and summer seasons, when more venues are open and host more visitors, Ace Endico moves an average of 35,000 pieces each night out of the distribution hub, approximately 30 percent more than other times of the year.

"It's a big rush to get orders out every night," Hertzberg says. "We have a high turnover of cases moving in and out every day. Our priority is to fill orders accurately and quickly. For us, every second and every step counts. Whatever we can do to make the pickers' job easier, we want to do."

Investing in technology and equipment has proven to be part of what makes the order fulfillment job easier and safer.

Specifically, two solutions from Bremen, Ohio-based Crown Equipment, which designs, manufactures, distributes, services, and supports material handling products, have helped Ace Endico achieve productivity gains and order accuracy improvements while optimizing fulfillment speed and reducing employee fatigue and average steps per pick.

Crown's QuickPick Remote system uses semi-automated truck navigation technologies to reduce low-level order picking walk steps. Order pickers can walk beside the pallet truck, and use a wearable device to advance it to the next location. This eliminates the extra steps pickers usually take walking around the truck, crisscrossing warehouse aisles, and jumping on and off the truck, says Jared Green, Crown's general manager of technology business development.

### **Improving Safety With Technology**

Crown's InfoLink wireless operator and fleet management system allows Ace Endico to maintain its regulatory worker safety compliance standards digitally, thus replacing the manual-input, paper-based system previously in place.

Additionally, the technology helps Ace Endico understand when, where, and how each lift truck is being used to ensure workers have the proper certification to operate the machinery, and identifies opportunities for process improvements, Green notes.

The decision to work with Crown

stems from a long history of previous decisions.

Ace Endico initially partnered with Crown while it was in its Elmsford, New York, facility—a relationship that deepened when the food supplier shifted to its bigger distribution center, says Hertzberg.

"My father began looking at different pieces of equipment when we were in the Elmsford facility," Hertzberg recalls. "He liked Crown, so we went with one of its pieces. When we built this facility in 2005, we needed more equipment and went all in with them."

### **Introducing New Solutions**

Starting out with a few pieces of warehouse handling equipment, Ace Endico has been gradually upgrading its fleet and the technology it uses as its business has grown and Crown's portfolio and technology evolves.

For instance, implementation of Crown's QuickPick Remote-enabled pallet truck started in 2011, along with the transition to Crown's RM monomast reach trucks. Crown's Xpress Lower option on the RM was integrated into the replacement RM models in 2012. The InfoLink project started in 2011 and was implemented in 2012.

This phased-in approach gives the company time to test the waters and get operators comfortable with the new solutions.

"Ace Endico is like us; they want new technology, but they are conservative and don't want to jump all in until they know it works," says Rich Carlson, a Crown sales representative who works closely with Ace Endico. "When we bring in new technology, we train the operators and get them comfortable using it."

"There was some pushback initially from some operators; people have a set way of doing something and often don't like change," Carlson adds. "But, once they learned how to use the system, they saw the advantages. They could see how it helped them increase their order picks and save time per pick. They

appreciate the tools, and are incentivized to pick more.”

The incentive to pick more has been a big plus for Ace Endico, and has created a domino effect of benefits.

### Every Step Saved Adds Up

Fewer steps walked to and from the machine means less fatigue for order pickers, resulting in more time saved per pick. That means significant productivity gains for the company and better incentive pay for the employees.

Crown estimates that its QuickPick Remote system enables operators to save up to five seconds per pick; that adds up to thousands of steps saved each shift. At Ace Endico, that has translated to a 20- to 40-percent productivity increase for individual workers, and an overall 20-percent productivity gain company wide, says Hertzberg.

Ace Endico noticed another benefit

after Crown’s QuickPick Remote implementation and in conjunction with the rollout of a voice-enabling order picking solution, which occurred about the same time: employee retention is higher.

“I have walked into warehouses all over the country, and seen old and broken down equipment being repaired,” Hertzberg says. “The order pickers have to do demanding, physical work, and for us, it’s usually on the overnight shift. We want to give workers tools that help them do their job better and more efficiently.

“Our employees see the investments we are making, and that makes them less frustrated,” Hertzberg adds. “They are staying with us and the job longer. Employees are happier and that makes them more productive.”

But the metric that weighs heavy on Hertzberg’s mind is order accuracy. The company uses this metric as a key way

to track its order fulfillment progress. It is also part of the calculation for incentive payments order-picking teams get for meeting or exceeding their targets, along with number of cases shipped per hour.

Before the voice-enabled picking and Crown’s QuickPick Remote technologies, the average team error rate was one in 2,000 picks, says Hertzberg. Today, that has improved to one error in 10,000 picks, and the goal is to push that to one error in 15,000 picks.

“The order accuracy ratio is very important to us,” Hertzberg says. “It helps us measure product damage in the facility, product re-delivery expenses, and the cost of a lost sale, which we never want.”

Going forward, the companies expect to partner on technology integration with customers’ warehouse management systems. ■



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## IT Toolkit | by Elaine S. Silver

### Sofa So Good: WMS Upgrade Bolsters Efficiency

A furniture retailer upgrades its warehouse management system to polish productivity.

In the retail furniture business, there is no time for reclining; a company needs every edge to stay alive and thrive. Just ask retailer City Furniture, based in South Florida, which continuously changes and adapts to new circumstances while relying on supply chain best practices.

In 2015, City Furniture found that its warehouse management system (WMS), which had served the company well over the years, needed to be replaced. It was a homegrown system, customized many times over.

City Furniture's in-house IT staff kept patching in changes, which created glitches. It became risky to make any further modifications.

And, due to the software architecture, the WMS had to be shut down one hour every day so the IT team could update and clean tables. This practice reduced the system's available operating time to 23 hours, making it difficult for the company to satisfy its customers' demands.

City Furniture turned to Minneapolis-based HighJump

Software, a global provider of supply chain network solutions, and its HighJump Warehouse Advantage WMS for a flexible and customizable system.

#### Jumping from Waterbeds

City Furniture began as a waterbed store in 1971. "We had to move into full-size furniture because of declining demand for waterbeds," recalls Shaun Feraco, managing director of operations. By 2001, the company opened a 1-million-square-foot warehouse. "We began same-day delivery in 2002, as a competitive advantage," says Feraco.

City Furniture now operates 28 showrooms in Central and South Florida, a network that includes an



alliance with 12 Ashley Furniture showrooms. With 1,200 associates, the company handles 1,500 inbound calls daily. Completing 20,000 deliveries every month, its 70 trucks drive 4 million miles per year.

“In 2007, as business started declining, we had to find areas to improve our operations,” says Feraco. “So we developed our City Furniture Operating System. We also adopted our Lean philosophy, and a continuous improvement process that lets us grow as an organization.”

Almost one decade later, faced with an intensely competitive and constantly changing retail landscape, the growing company—it has plans to open multiple DCs—sought a flexible and adaptable WMS that could provide real-time updating.

“Changes to our existing system became dangerous,” Feraco recalls. “We would make a change and then spend hours fixing all the issues that change created.”

### Furnishing Solutions

Feraco and his team did their research. They read through industry trade publications and consulted with other retailers about their systems. “We asked: Is it easy to use? Is it easy to change?” says Feraco. “Then, we asked potential vendors to come onsite for one



**By implementing a warehouse management system with real-time dashboards, retailer City Furniture reclaimed hours of its managers' and supervisors' time each day. They no longer have to manually gather data to get productivity numbers.**

day to see our entire operation and the full cycle of our processes.

“We then narrowed down the selections, and invited the short list to do demos so we could get an understanding of what their systems were like,” he adds. “We sent them our data so we could see how it would flow through their processes.”

HighJump's solution furnished the answer to City Furniture's WMS challenges. “The company ranks high on Gartner's Magic Quadrant,” says Feraco,

referring to the research company's evaluation of technology providers. Used by more than 14,000 companies globally, HighJump's suite of warehouse management, business integration, transportation management, and retail/direct store delivery solutions offers an adaptable platform.

Feraco and his team could maintain HighJump's Warehouse Advantage WMS and make changes as needed. The solution could produce live updates to customized dashboards; it never had to be shut down. City Furniture could own it long term and massage solutions to changing circumstances.

Additionally, the team could scale up the system to any level they could think of. Most importantly, base operations upgrades did not affect add-ons.

### Custom Workflows

In short, HighJump had the crucial feature that City Furniture needed. “HighJump software is architected so that business logic is stored separately from the application, meaning system upgrades do not touch custom workflows,” explains Jon Kuerschner, HighJump's vice president of product

**City Furniture makes 20,000 deliveries monthly. Its 70 trucks drive 4 million miles per year, transporting sofas, tables, beds, and other types of furniture.**



management and consulting. “City Furniture could continue to innovate the application and maintain a simple upgrade path.”

HighJump implements a four-phase process when working with clients. “First, we define the scope of the client’s needs onsite,” Kuerschner explains. “Then we document what we learned, along with any needed derivations. Next, we move to the configuration phase and make the changes needed to support the business. In the deployment phase, we come back onsite, do all the necessary testing, and bring the system live.”

The final phase involves transitioning the customer to HighJump’s worldwide 24x7 support organization, making sure the company has access to the tools required to maintain the solution.

“We took six months to document all the flows and SOPs (standard operating procedures),” notes Feraco. The retailer made sure the solution would fit its processes. But as prepared as City Furniture was, a few surprises awaited the company during implementation.

“They were surprised to find so many places to increase productivity,” says Kuerschner. “Now they have real-time visibility into their operations and powerful tools—a combination that enhances planning and execution capabilities.

“They know exactly where they are against their plan at any time, and how well their people are doing against expectations,” he adds.

### Wall-to-Wall Benefits

Since City Furniture implemented the new WMS in June 2016, it has realized benefits spanning from increased overall productivity to specific procedural changes that also boost the accuracy and efficiency of its operations.

It also has achieved the main objective behind the switch to a new system. “We were growing and constantly updating the existing WMS was difficult,” says Feraco. “Now we can make modifications easily. With multiple DCs planned

down the road, we now can offer real-time dashboards and create our own customized solutions.

“Real-time dashboards give us hourly, automated individual metrics and show us the progress of each department,” he explains. “We offer same-day, next-day, free shipping, or customer pick up; we don’t want to find out at the end of the day that we have an issue. With the web-based work in progress, we can see if everyone is where they should be.”

The real-time dashboards have allowed Feraco and his team to reclaim a whopping 22 hours of the managers’ and supervisors’ time each day. In the past, three managers and eight supervisors had spent 15 to 20 minutes of every hour gathering data and entering it into an Excel spreadsheet so they could get productivity numbers. “The new system feeds that information to the dashboard automatically,” Feraco says.

Another important benefit is that the system no longer has to be shut down for one hour every day to process the information from the ERP system.

“Everything we built was centered around the shutdown between 9 p.m.

and 10 p.m.,” Feraco says. “The shift that came in to pull the furniture for the trucks for the next day started at 10:30 p.m. That was a difficult time frame. With the new system, I moved the shift to start at 6 p.m. We have significantly reduced turnover, people are happier, and we have a better working environment.”

### Room to Improve

City Furniture continues to develop new applications with the HighJump software. “We are working on a new chair assembly process,” Feraco says. “We bring in all our chairs unassembled in containers, and we put them together as needed. We will move that data from the ERP system to HighJump so we’ll have just-in-time information and more control of the pulling process.”

“Feraco and his team can do all that themselves now,” says Kuerschner. “They can do process improvement themselves. We train the client community to administer and enhance the application, and then we turn the keys over to them.” ■



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## e-Tales | by Rosie Wolf Williams

# Green E-tailer Fertilizes The Bottom Line

**G**rove Collaborative, an e-commerce company originally launched as ePantry in 2014, serves consumers who care about buying green and sustainable products for their homes, but who also want convenience and accessibility. Growing quickly because of eco-conscious decisions about product and customer demand, the company recently started to nurture its shipping data reporting tools as well.

Online retail will grow 8 to 12 percent in 2017, up to three times higher than the growth rate of the wider industry, predicts a 2017 National Retail Federation forecast. With green products often priced higher than not-so-earth-friendly alternatives, shipping costs can put them out of reach for the average household budget.

As a Certified B Corporation—recognized for its social and environmental impact—Grove Collaborative focuses on quality products, with affordability wrapped into a low- or no-cost shipping program.

“The best natural products should be easiest to acquire,” says Roni

Rae-Staples, head of fulfillment operations and logistics at Grove Collaborative. “We want to make sure what you put in your home, on your body, and around your family is eco-friendly—it’s safe not only for you, but for the environment as well.”

### Green Curator

Grove Collaborative researches and selects products for its e-commerce site from a number of green product companies, including Seventh Generation, Method, Dr. Bronner’s All-One!, and its own signature line of all-natural, U.S.-made products.

Its “Happiness Guarantee” ensures a level of trust and incentive to try new

Thanks to a data analytics platform, Grove Collaborative’s shipping costs wither while fulfillment efficiencies blossom.



Photo: Mike Mihaló Photography

**California-based e-tailer Grove Collaborative opened a second warehouse in Harrisburg, Pennsylvania, to reduce shipping costs and meet the demands of consumers who expect fast delivery.**

products, allowing customers to return any product for any reason with a pre-paid shipping label included in their order. New customers receive free shipping on their first order, and a flat fee of \$2.99 for future orders. VIP members pay a yearly subscription fee and receive free shipping for every order.

### Fertile Ground

The concept is a hit. The company shipped 300,000 packages in 2016 and projects it will deliver more than 750,000 packages in 2017.

“When we first started shipping orders, we worked with FedEx,” says Rae-Staples. “As we continued to grow, and shipping volumes increased, we added other carriers into the mix to get better pricing.

“Controlling shipping costs is a big struggle for young companies that don’t have robust reporting tools,” she says. “Pulling the data from carriers was always a challenge.”

Rae-Staples needed to record freight information and cost per shipment in as few man-hours as possible. She previously used a spreadsheet to manage shipping data, but found that more than half of resulting spreadsheets wasted

time and were unnecessary to track fulfillment costs.

“As a young company, Grove Collaborative didn’t have the bandwidth or the manpower to spend 6 to 10 hours per week trying to get through reporting and consolidate spreadsheets,” Rae-Staples says. “That was the tipping point for me.”

Rae-Staples started looking at software providers that offered reporting tools, and liked what she saw in California-based supply chain management solutions provider GrandCanals.

She had worked with Kelan Raph, co-founder of GrandCanals, when she was with another company, and knew Raph understood the logistics challenges of an e-commerce startup.

“I wanted to make sure that a new provider would understand our business,” says Rae-Staples. “Raph knows that operational people just don’t have time. When they log on to a shipping reporting tool, they want to get information as quickly as they can. GrandCanals has a great tool, but it also knows the business.”

Rae-Staples had a series of phone calls with GrandCanals representatives, discussing the e-tailer’s challenges, what information needed to be accessible,

what was useful on its reports, and how to clean up the data. GrandCanal used the answers to get to the sweet spot of Grove Collaborative’s needs and tailor the system accordingly.

### Pruning Costs

Grove Collaborative chose *Fulfillment Intelligence Cloud*, a solution that allows quick access to metrics such as demand density, transit time, average zone, and cost per shipment. “The tool displays a heat map that tells me exactly what my shipping demand is, while a drop-down menu displays average cost per shipment, and what I am spending on ground versus air transportation,” says Rae-Staples.

She also used this information while working on a proposal with UPS, trying to determine if the package delivery company would be a good fit for Grove Collaborative. GrandCanals gathered information from the UPS proposal, as well as FedEx and other carriers, and then used data science to translate what the information meant for Grove Collaborative.

Data showed that shipping volumes to the eastern states from its California warehouse had increased significantly.

After using modeling to determine the net cost of an East Coast origin, Grove Collaborative opened a second warehouse in Harrisburg, Pennsylvania—reducing shipping costs and meeting the demands of consumers who want fast delivery.

“From the new facility, Grove Collaborative could accomplish shipping in two business days by ground,” says Raph. “And once you use ground and not air, you achieve the optimal cost.”

With the data analytics program in place, Rae-Staples saw that her company could save 15 to 25 percent on 1- to 2-pound packages simply by switching to priority mail.

“Just looking at that piece of the business made an immediate impact on shipping costs,” says Rae-Staples. “I saw the difference on my bottom line.”

The tool also revealed an extended area surcharge. “Grove Collaborative had customers who were living in rural areas, and didn’t realize it was paying \$5 extra to deliver packages to those customers,” says Raph. “Rae-Staples was happy to receive all this information in an automated report, rather than having to download spreadsheets and manually manipulate the data to determine weekly shipping costs.”

### Growing Solutions

The program also allows Grove Collaborative to look to future plans to better serve Midwest customers, as well as meet demand for shipping to Canada. The e-tailer can use the analytics platform to model costs and transit times, and find the best services for a launch into that country.

“Rae-Staples is hands-on, and if she finds some analysis that the company needs to do a better job of packing cartons to create fewer shipments, or use the right box, she will roll up her sleeves and deliver,” notes Raph.

For instance, Grove Collaborative developed a product called *Smart Cart*. “The company now understands



Photo: Mike Mihalo Photography

**Grove Collaborative's e-commerce site sells products from green brands such as Seventh Generation, Method, Dr. Bronner's All-One!, and Mrs. Meyer's, as well as its own signature line of all-natural, U.S.-made products.**

the fulfillment, handling, and shipping costs of all the products within its marketplace,” says Raph. “Based on interaction with the customer and the shopping cart, the new feature allows it to offer discounts as an incentive for customers to fill the box.”

As a result, Grove Collaborative can optimize its packing to take advantage of fixed shipping costs. For instance, it costs a carrier the same to deliver a 1-pound package to a residence as it does to deliver a 4-pound package.

“There’s no cost increase between 1 and 4 pounds,” says Raph. “So if a seller can take a larger order but have shipping costs stay the same, then it subsidizes fewer dollars per retail value.”

The platform performs the analysis to show actual weight, billable weight, and cost differential for the next extra pound. “Many times the cost of that extra pound is minimal, or free,” Raph explains. “So if an e-tailer can sell two 1-pound items, and get twice as much retail value for only a few cents more in costs, that’s something that companies such as Grove Collaborative would want to incentivize.”

For Rae-Staples, managing shipping costs manually won’t cut it anymore.

“All companies have to control their shipping costs,” she says. “They want to be as informed as possible, have all the data they need, be able to analyze it, and figure out what drives up shipping costs. Doing that manually takes a lot of time. It is tough, and it’s easy to miss things.”

### Feeling Groovy

Working with carriers also can be overwhelming, but Grove Collaborative has found its groove with GrandCanals.

“Having a partner—a shipping fulfillment company that looks at your costs for you—is helpful,” says Rae-Staples. “When you are a young company, you can use those three or 10 hours every week to do something else that provides value.”

Customer satisfaction remains Rae-Staples’ first priority. “It all boils down to the customer experience—that is the most important part of growth,” she says. “You want to save on shipping costs, but you can’t sacrifice your customer having a great experience.” ■



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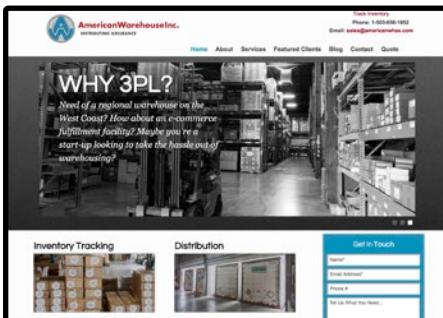
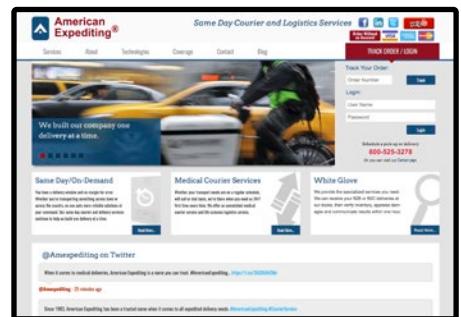


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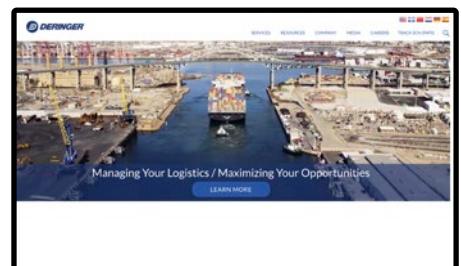


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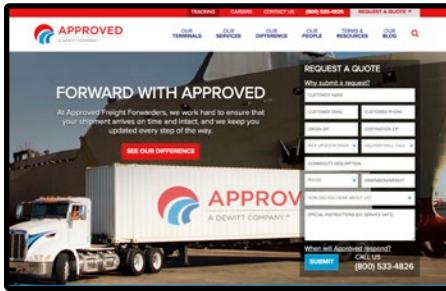
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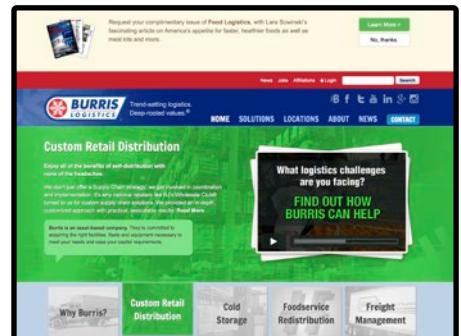


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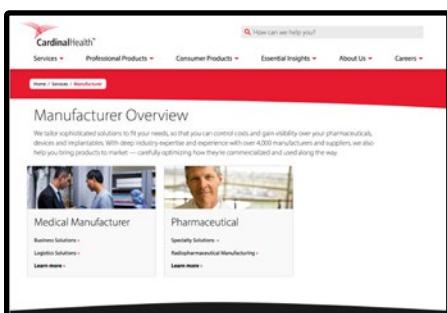


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Whether it's developing delivery solutions for local startups or international shipping for global brands, preparing EDI integration for household name vendors or packaging for luxury brand beauty products, there's little in the supply chain industry that the Capacity team has not done or seen. With its investment in technology, responsive team, and process-based approach to order fulfillment, Capacity has all the elements to become your ideal fulfillment partner.



**Cardinal Health • yourhealthcare3pl.com**

We are the complete healthcare 3PL solution, combining a nationwide network of distribution and replenishment centers, transportation logistics, and regulatory expertise like no other company can. The source for medical device products to every point of care—including hospitals and even patients' homes. And through it all, our proprietary license management systems help you remain in regulatory compliance to keep your products moving—no matter what.

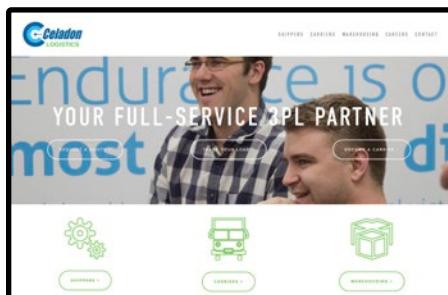
**CaseStack • www.casestack.com**

Founded in 1999, CaseStack is the industry's leading outsourced logistics provider, offering complete supply chain solutions to companies selling products to retailers, distributors, and other manufacturers. Thousands of suppliers turn to CaseStack for innovative consolidation programs, efficient warehousing systems, and streamlined transportation management, all of which are centered on proprietary real-time inventory and order technology. Our customers reap the cost savings and achieve the performance levels of their larger competitors without the investment costs.



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**Celadon Logistics • www.celadonlogistics.com**

For all your transportation and logistics needs, count on Celadon, one of the largest and most progressive transportation and logistics companies in North America. Celadon offers a range of truckload transportation services including long-haul, regional, local, and dedicated. Celadon Logistics provides freight management services, less-than-truckload consolidation, and freight brokerage services, while Celadon Dedicated Services offers supply chain management solutions, such as warehousing and dedicated fleet services. More information is available on the Celadon website.

**CLX Logistics • www.clxlogistics.com**

CLX Logistics is a global provider of comprehensive logistics management, technology, and supply chain consulting services to a broad base of industry verticals. From chemical and energy to manufacturing, retail, agriculture, automotive, and heavy haul, we help clients in nearly every industry to realize sustainable supply chain value by employing a mix of managed services, on-demand global TMS technology, and comprehensive transportation management services to improve performance and reduce cost. CLX Logistics is dedicated to solving its customers' most vital logistics challenges.



**Corporate Traffic • www.corporate-traffic.com**

It's a new world of logistics with emerging markets, time-critical needs, security threats, and extreme fluctuation in supply and demand. Corporate Traffic is the logistics provider with the tools to move your products faster and with greater precision—no matter the challenges. With more experience, capabilities, and cutting-edge technology, Corporate Traffic increases efficiencies and lowers costs. So when it's your money on the line, Corporate Traffic makes all the difference.

**CT Logistics • www.ctlogistics.com**

CT Logistics can help you save money, no matter your company's size. For small and medium-sized shippers, CT Logistics offers its TranSaver shipper cooperative buying program. Larger shippers can simplify their freight spending with CT Logistics' exclusive FreightRater freight bill rating and processing system. And businesses of all sizes can benefit from AuditPay freight payment services. Add to these offerings a wealth of online collaboration and reporting tools, and it's easy to see why shippers have trusted CT Logistics with their freight payment needs for more than 86 years.





**CTSI-Global • www.ctsi-global.com**

For more than 50 years, CTSI-Global has been a valuable resource to companies by providing the technology and industry expertise to help them manage all aspects of their supply chain—physical, informational, and financial—through freight audit and payment, transportation management systems (TMS), information management tools, and global consulting. The end results are improved shipping efficiencies, greater control, and significant ongoing savings. CTSI-Global is your link to supply chain solutions.

**DF Young • www.dfyoung.com**

DF Young has more than 100 years of experience providing international businesses with a full range of transportation and logistics solutions. DF Young's customized, person-to-person services are proven to meet today's challenging logistics requirements. DF Young paves the way for international shipments clear across continents, using the most sophisticated air, sea, and land transportation services available. Each move is backed by state-of-the-art technology and Internet access that spans the globe.



**Distribution Technology • www.distributiontechnology.com**

For more than 30 years, Distribution Technology has built a tradition of logistics service excellence and reliability that meets and exceeds the needs of our customers. Through a combination of contract and public warehousing services, flexible freight management, sophisticated software technology, reverse logistics expertise, value-added packaging, and a dedicated organization, we provide you with a winning logistics supply chain partner. Consider us for your local, East Coast, or national coverage.

**DSC Logistics • www.dsclogistics.com**

With experience, knowledge, and IT—as well as supply chain capabilities that are adaptable, versatile, and focused on changing customer needs—DSC Logistics helps companies reach their business goals. DSC provides supply chain analysis and design, strategic solutions-based consulting, systems integration, process improvement, and management of logistics operations such as warehousing, transportation, packaging, and fulfillment. In today's business environment, filled with rapid and unpredictable change, DSC manages change and information in the supply chain by using a strategy called sense-and-respond and by being ready for anything!



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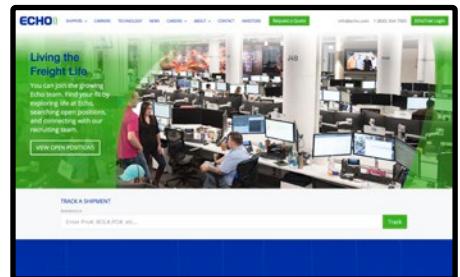


**Dupré Logistics • www.duprelogistics.com**

With specific emphasis in the chemical, consumer products, and beverage industries, Dupré’s unique solutions provide expertise in dedicated fleets, transportation management/brokerage, materials handling, and reverse logistics. Dupré works to understand your business and measure how our system meets your expectations.

**Echo Global • www.echo.com**

Echo Global Logistics, Inc. (Nasdaq: ECHO) is a provider of technology-enabled transportation and supply chain management services. Echo maintains a proprietary, Web-based technology platform that compiles and analyzes data from its network of more than 30,000 transportation providers to serve its clients’ needs. Offering freight brokerage and managed transportation services across all major modes, Echo works to simplify the critical tasks involved in transportation management.



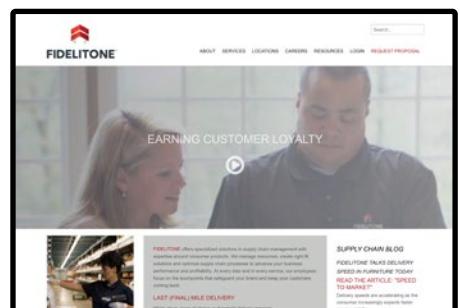
**Evans Distribution Systems • www.evansdist.com**

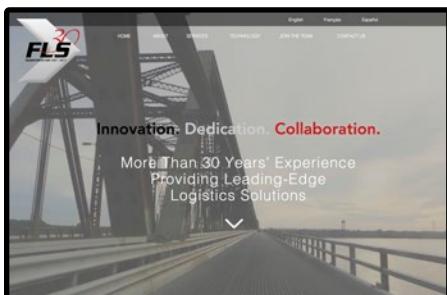
Evans Distribution Systems has been enabling customer success for more than 75 years. Evans provides warehousing, transportation, packaging, quality inspection, and complete 3PL management services for a variety of industries. Through its experience, flexibility, and innovation, the 3PL proves to its customers that “it’s easier with Evans.” Let Evans provide you with all the information you need to meet your logistics challenges.

**FIDELITONE • www.fidelitone.com**

FIDELITONE helps you earn your customers’ loyalty through supply chain management and specialized services in order fulfillment, last-mile delivery, and transportation. We manage resources, create right-fit solutions, and optimize supply chain processes to advance your business performance and profitability.

At every step and in every service, FIDELITONE employees focus on the touchpoints that safeguard your brand and keep your customers coming back.





### FLS Transportation • [www.flstransport.com](http://www.flstransport.com)

FLS Transportation keeps your business moving with services including U.S., Canadian, cross-border, flatbed, and refrigerated truckload; expedited and specialized hauling; LTL; air and ocean; intermodal; and freight management. That's not all. Value-added services feature visibility software, EDI capabilities, and an account management program that arranges all loading, and schedules pickups and deliveries. FLS assigns each shipper a personal customer care representative, so you know someone is always available to speak to you. Ready to talk? Visit the website for details.

### GlobalTranz • [www.globaltranz.com](http://www.globaltranz.com)

GlobalTranz is a technology-driven logistics company specializing in multimodal shipping, project logistics, and managed transportation solutions. Our mission is to help shippers and carriers succeed by providing full-service transportation and logistics solutions. Our innovative, proprietary technology and industry expertise work hand-in-hand to solve your unique supply chain needs. If you're looking for a logistics partner that delivers results through unparalleled relationships and technology, visit [globaltranz.com](http://globaltranz.com) today.

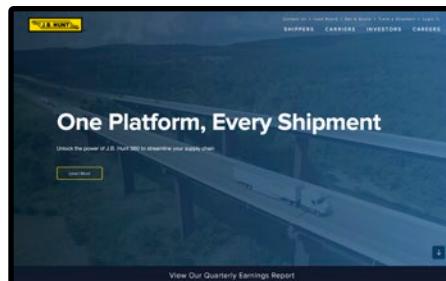


### Holman Distribution • [www.holmanusa.com](http://www.holmanusa.com)

With warehouse facilities in Seattle and beyond, Holman Distribution is a leading provider of third-party logistics with base operations in the Pacific Northwest. From paper products to major appliances, Holman can offer you the 3PL and warehousing services you need to stay ahead. If you are interested in warehousing with us in Seattle, or beyond, contact us now.

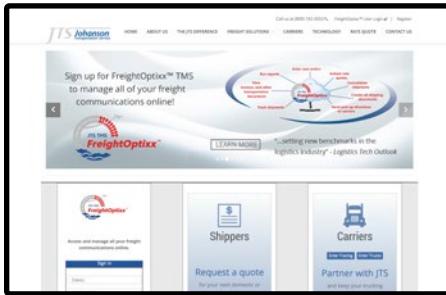
### J.B. Hunt Transport • [www.jbhunt.com](http://www.jbhunt.com)

J.B. Hunt Transport focuses on providing safe and reliable transportation services to a diverse group of customers throughout the continental United States, Canada and Mexico. Utilizing an integrated, multimodal approach, the company provides capacity-oriented solutions centered on delivering customer value and industry-leading service. J.B. Hunt Transport Services, Inc. stock trades on NASDAQ under the ticker symbol JBHT, and is a component of the Dow Jones Transportation Average. J.B. Hunt Transport, Inc. is a wholly owned subsidiary of JBHT. For more information, visit [www.jbhunt.com](http://www.jbhunt.com).



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**Johanson Transportation Service • www.johansontrans.com**

Johanson Transportation Service provides its customers with cutting-edge logistics technology with the cloud-based FreightOptixx™ TMS. Shippers can manage truckload, LTL, intermodal and international shipments, gaining greater visibility, increased service levels, and time savings on logistics tasks including: instant rate quotes, tracking, order optimization, shipment consolidation, reporting, retrieving shipping documents, sending pick-up directions to carriers and viewing accounts payable status. Carriers can enter available equipment and tracing, and find available loads within the TMS to increase their efficiency. [www.freightoptixx.com](http://www.freightoptixx.com)

**Kane Is Able • www.kaneisable.com**

Kane Is Able is a third-party logistics provider that helps consumer packaged goods (CPG) companies warehouse and distribute goods throughout the United States. Our CPG logistics solution includes integrated warehousing, packaging, and transportation services specially designed to meet the needs of CPG manufacturers. Kane's complete platform of logistics solutions makes us the right choice for your supply chain. At Kane, we are able. We are the CPG logistics specialists.



**KDL - Keystone Dedicated Logistics • www.kdlog.com**

If you're like most shippers, you continuously strive to move product in and to market more effectively than your competition. KDL helps hundreds of companies do just that. KDL is a full-service 3PL resource providing capabilities in information technology solutions, audit and freight payment services, LTL, truckload, international, air and ground expedite, parcel, warehouse, consulting, and supply chain management.

**Kenco • www.kencologistics.com**

Adding value to your bottom line? That's the mission of Kenco Logistic Services. For more than 50 years, Kenco has guided some of the most demanding supply chains in the world. Kenco's convergence approach can help you streamline your supply chain and bring a greater return on assets and investments. Kenco invites you to visit this website so that you might get to know its services. Then, contact Kenco so that you might truly understand its unique strategic advantages.





**Landstar Systems, Inc. • www.landstar.com**

Landstar's network of independent sales agents and transportation capacity providers offers greater flexibility and a local presence that has a global reach. The Landstar network is unmatched in the industry. With more than 1,100 independent agents, 9,000 leased owner operators, 14,000 trailers and 44,000 other available capacity providers, we have the flexibility and experience to find a solution to your transportation challenge.

**LEGACY Supply Chain Services • www.legacyscs.com**

For nearly 40 years, LEGACY Supply Chain Services has been a dedicated logistics partner to our clients across the U.S. and Canada. LEGACY's 3PL solutions include warehousing and distribution, international and domestic transportation, customs and compliance, and pool distribution services. Our high-touch customer service and operational expertise deliver results for clients in many industries including retail, consumer packaged goods, industrial manufacturing, technology, food & beverage, life sciences, aftermarket automotive, aerospace, and healthcare.



**RPM • www.loadrpm.com**

RPM is a leading full-scale transportation brokerage and supply chain solutions enterprise. No one works harder than RPM's growing team of talented logistics professionals to uncover ways to decrease your overall freight or vehicle transport spend and increase your transportation efficiency. At the core of RPM is a tremendous capacity to manage all transportation needs across the entire spectrum of any supply chain. RPM's freight/vehicle systems and focused solutions are driven via advanced proprietary technology and managed by its unyielding customer and carrier facing teams.

**Lynden • www.lynden.com**

Over land, on the water, in the air—or in any combination—Lynden has been helping customers solve transportation problems for almost a century. Operating in such challenging areas as Alaska, Western Canada and Russia, as well as other areas around the globe, Lynden has built a reputation of superior service to diverse industries.



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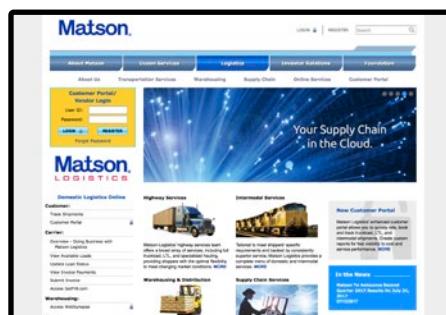


**Mallory Alexander International Logistics • www.mallorygroup.com**

Mallory Alexander International Logistics is a leading third-party logistics (3PL) provider. As a specialist in global logistics and supply chain services, Mallory Alexander acts as a single source for all logistics and supply chain needs. Specifically, Mallory Alexander provides public and contract warehousing, freight forwarding (international, domestic, air, and ocean), customs brokerage, import/export services, intermodal trucking and transportation, logistics services, and consulting.

**Matson Logistics • www.matson.com/logistics**

Matson Logistics, a multimodal transportation and warehousing provider serving North America, has enhanced its customer portal with a suite of additional services. The new portal allows shippers to rate, book, and manage domestic truckload, LTL, and intermodal shipments. Customized reports can be created and generated on demand. The portal can be accessed from any web-connected device using any browser.

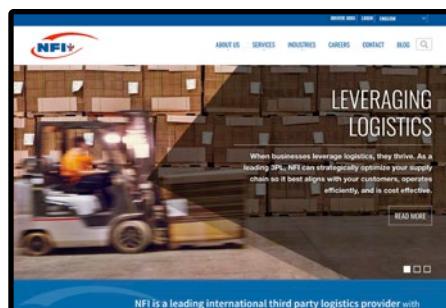


**MD Logistics • www.mdlogistics.com**

MD Logistics is a full-service provider of specialized logistics services focusing on fixtures, furniture, and equipment projects—and the special disciplines associated with those projects. MD Logistics manages the logistics component of all types of store projects, including new stores, remodels, and program rollouts. Specific transportation modes and services include conventional trailerload, air-ride blanket-wrap trailerload, hybrid LTL, merge-in-transit service, and, most importantly, time-definite service.

**NFI • www.nfiindustries.com**

NFI is a supply chain management provider offering dedicated fleets, logistics, distribution, warehousing, intermodal, global, commercial and industrial real estate, consulting, transportation brokerage, and solar services across the U.S. and Canada. NFI owns facilities nationwide and globally, more than 2,000 tractors, and more than 7,000 trailers. Privately held by one family since its inception in 1932, NFI operates 20+ million square feet of warehouse and distribution space, and generates more than \$1 billion in revenue annually. NFI is an EPA Smartway Transport and WasteWise Partner and is dedicated to increasing energy efficiency and reducing the impact of the freight industry upon the environment.





**Nolan Transportation Group (NTG) • www.ntgfreight.com**

NTG, a leading third-party logistics provider, has invested significantly in its network of over 40,000 independent trucking companies to provide its customers with the best service at the best price. The NTG team is made up of seasoned problem solvers that are committed to servicing customers 24/7. NTG provides truckload, expedited, LTL, drayage, and intermodal services across the United States, Canada, and Mexico.

**ODW Logistics • www.odwlogistics.com**

Make ODW Logistics your choice for import logistics, distribution, fulfillment, and packaging. With more than 40 years of cumulative experience, Columbus, Ohio-based ODW Logistics grew to one of the Midwest's most effective regional 3PL providers. The company focuses on excellent customer service, flexibility with small and large companies, and customized rates and terms. Put ODW Logistics on your team and visit the website today!



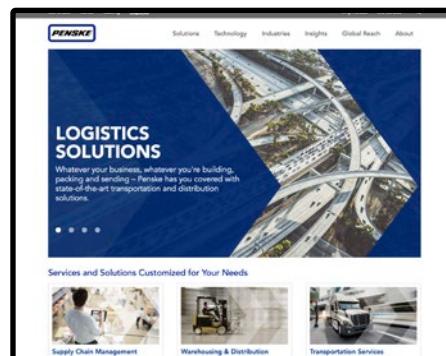
**Odyssey Logistics & Technology • www.odysseylogistics.com**

Odyssey Logistics & Technology combines deeply skilled industry professionals with a leading technology solution to provide multimodal logistics management services to the chemical industry and other process manufacturers. Odyssey Logistics & Technology enables these companies to outsource any part of the management and transportation of their raw materials and finished goods. They achieve cost savings through reduced transportation and infrastructure costs, measurable customer service and process improvements, and improved data quality and management.



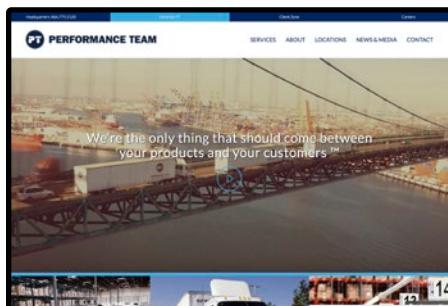
**Penske Logistics • www.penskelogistics.com**

Penske Logistics is an award-winning logistics services provider with operations in North America, South America, Europe, and Asia. Our products and services range from dedicated contract carriage and distribution center management to transportation management and fully customized solutions. No matter what your needs or industry, Penske Logistics engineers supply chain solutions that deliver business results like boosting productivity, improving service, and shrinking carbon footprints. Call us today at 1-800-529-6531 to learn more.



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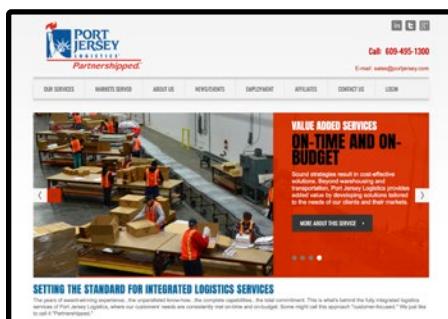


**Performance Team • www.performanceteam.net**

Performance Team (PT) is an industry-leading third-party logistics company with nearly 30 years of experience in warehousing, distribution, consolidation and transportation. PT has 12 domestic hubs (and nearly 7 million square feet of space) strategically located near major ports, interstate highways, and intermodal rail lines, allowing us to provide the retail and manufacturing industries with flexible B2B and B2C solutions for the movement, handling, and distribution of goods. PT also offers a full suite of retail, wholesale, e-commerce, and omni-channel distribution and transportation services.

**Pilot Freight Services, Inc. • www.pilotdelivers.com**

Pilot Freight Services, Inc. is a full-service transportation and logistics provider with over 75 locations throughout North America, as well as stations in Amsterdam, Toronto, Vancouver, Mexico City, and A Coruña, Spain. The company's freight forwarding services encompass every mode of transportation, including air, ground and ocean, serving all corners of the globe. Pilot's logistics programs offer a complete line of expedited and time-definite services, international shipping solutions, product warehousing and inventory management. In addition, Pilot's online shipment navigator, CoPilot, makes online shipping fast, convenient and secure. Learn more about Pilot Freight Services at [www.PilotDelivers.com](http://www.PilotDelivers.com).



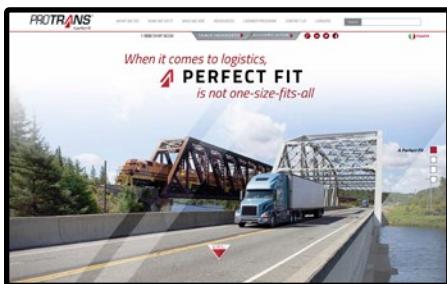
**Port Jersey Logistics • www.portjersey.com**

For more than 56 years, Port Jersey Logistics has been the number-one choice for transportation, warehousing, and distribution on the East Coast. Port Jersey operates modern, state-of-the-art warehousing space, as well as in-house trucking and logistics services. Along with our wide array of value-added services and first-class customer service team, Port Jersey Logistics is your one-stop shop for all of your supply chain needs.

**Port Logistics Group • www.portlogisticsgroup.com**

Port Logistics Group is the nation's leading provider of omni-channel logistics services, including value-added warehousing and distribution, transloading and crossdocking, e-commerce fulfillment, and national transportation. With 6.5 million square feet of warehouse space strategically located in and around major North American ports, Port Logistics Group provides the critical link between international transportation and the last-mile supply chain.



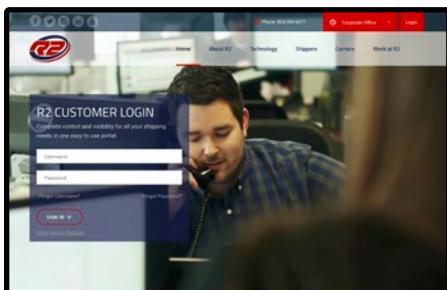


### ProTrans International • [www.protrans.com](http://www.protrans.com)

With nearly 25 years of experience in North America, ProTrans knows your supply chain is one-of-a-kind. That's why we specialize in designing impactful solutions that are uniquely customized to fit your company's needs. Our strong network, innovation, and professional experience make us more than just logistics providers to our clients. We're their one-of-a-kind strategic problem solvers.

### Purolator International • [www.purolator.com](http://www.purolator.com)

Purolator International is the U.S.-based freight forwarding subsidiary of Purolator Inc., Canada's leading overnight courier company. Purolator International specializes in air and surface forwarding of express, parcel, and freight shipments, with enhanced supply chain solutions to offer delivery to, from, and within Canada. Purolator International offers preferred access to an extensive distribution network in Canada, which includes 11,000 dedicated employees, the leading air fleet, and ground network with the most guaranteed Canadian delivery points in Canada.



### R2 Logistics • [www.r2logistics.com](http://www.r2logistics.com)

Founded in 2006, R2 Logistics is a national provider of transportation services and logistics solutions. As a third-party logistics (3PL) company, we provide access to thousands of contracted transportation providers. With offices located across the United States, we are able to provide your company with any possible over-the-road shipping need nationwide, including Mexico and Canada. Backed by game-changing technology and our culture for Reliable Service and Relentless Passion, we've built a strong reputation as an industry leader.

### Romark Logistics • [www.romarklogistics.com](http://www.romarklogistics.com)

Make Romark Logistics your choice for nationwide warehousing, distribution, contract labor management, fulfillment, packaging, real estate development, and transportation solutions. Our commitment to continuous improvement, customer satisfaction, and the spirit of partnership has been the foundation of our growth and success for more than 50 years. Romark Logistics operates more than 3 million square feet of contract distribution and packaging centers, and can customize a supply chain solution for your most demanding challenges.



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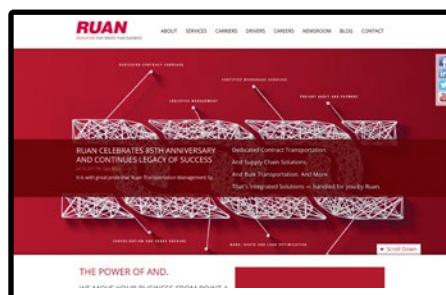


**RR Donnelley's DLS Worldwide • [dlsworldwide.rrd.com](http://dlsworldwide.rrd.com)**

Experience the benefits that only come from working with a major, global shipper that is also a top-ranked 3PL. We offer multiple transportation modes, an established multi-carrier network, volume-leveraged rates and service levels, along with technology-enabled systems and processes. Visit our website and contact us today to see why customers have relied on us for nearly 150 years.

**Ruan • [www.uan.com](http://www.uan.com)**

With Ruan, you can take advantage of door-to-door shipping solutions without the hassles and overhead associated with owning and operating your own fleet of trucks. We have more than 5,200 employees operating, servicing and coordinating some 3,400 power units and 5,600 trailers out of more than 100 locations throughout the continental United States. But you get more than just drivers and equipment – we become an extension of your team, advocating for your bottom line. Find out why the right partner can drive costs out of your supply chain – call 866-RUAN-NOW or visit our website – ruan.com.



**Saddle Creek Logistics Services • [www.sclogistics.com](http://www.sclogistics.com)**

Saddle Creek is an omnichannel supply chain solutions company providing a variety of integrated services, including warehousing, omnichannel fulfillment, transportation and packaging. We leverage these capabilities, advanced technology and our nationwide network to customize scalable solutions that help retailers, manufacturers and ecommerce companies support their business goals. For more information, visit [www.sclogistics.com](http://www.sclogistics.com).

**Schneider • [www.schneider.com](http://www.schneider.com)**

Schneider is more than just truckload services, it's the leading provider of premium truckload and intermodal services. Schneider creates transportation solutions for customers using the broadest portfolio of services in the industry. Schneider has several divisions that provide transportation and transportation related services: One-way Truckload, Dedicated, TruckRail, OptiModal, Brokerage and Expedited. Visit Schneider's site to find out more about the company and the services it provides.





### SEKO Logistics • [www.sekologistics.com](http://www.sekologistics.com)

SEKO prides itself on a commitment to customer service, whether it's a 2 a.m. pickup for a critical industrial part for a plant that is 4,000 miles away, or the cost savings achieved from proactive communication with your vendors overseas. SEKO offices have the knowledge and expertise to expedite or to consolidate, depending on your need. From Hong Kong to Amsterdam, SEKO knows how to serve its clients. As a non-asset-based third-party logistics provider, SEKO has the flexibility to meet your supply chain needs using a variety of modes and carriers.

### The Shippers Group • [www.shipperswarehouse.com](http://www.shipperswarehouse.com)

The Shippers Group is a well-established regional provider with strong knowledge and insight into the economic and political infrastructure of the Dallas/Fort Worth region. All the facilities operated in the Dallas/Fort Worth metroplex are food grade, and consistently rated excellent and superior by AIB. Let The Shippers Group help you match your requirements to the appropriate location, whether it be a new facility, an existing facility, or additional space that can be leased in the area. Details are available on the website.

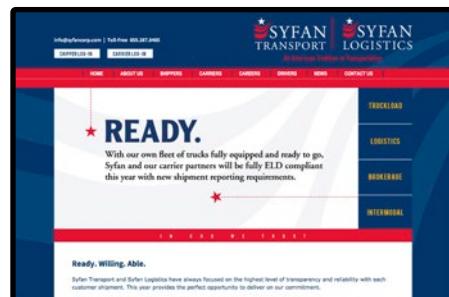


### Sunset Transportation • [www.sunsettrans.com](http://www.sunsettrans.com)

Through our diversity of services and technology to our transparent and customer-focused culture, Sunset Transportation is positioned as a dominant logistics management partner for mid-market and large businesses. Sunset's flexibility and entrepreneurial spirit makes us The Right Size 3PL for your growing business—large enough to provide professional, multi-modal solutions while remaining agile and committed to our roots with personalized service.

### Syfan Logistics • [www.syfanlogistics.com](http://www.syfanlogistics.com)

Since 1984, Syfan has provided customers with a competitive advantage through superior transportation and logistics services. Syfan consistently strives to meet and exceed customer expectations of service through timely communication and quality information. Leveraging its rich experience and dedicated team, Syfan's commitment is to provide you with on-time pickup and delivery—every time.



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**Taylored Services • www.tayloredservices.com**

At Taylored Services, we look at your business as if we were a box moving through your supply chain. Our goal: to provide a comprehensive array of fulfillment services that best fit your business needs. Award-winning retail experts. Strategically located bi-coastal facilities. Expertise in wholesale and retail distribution. Best-in-class systems and technology. A full range of logistics services including: drayage management, transload, DC bypass, crossdock, case distribution, unit fulfillment (B2B, B2C, Digital), and value-added distribution solutions (repacking, reticketing, point of purchase, display assembly, inserts and labeling, returns). Visit [www.tayloredservices.com](http://www.tayloredservices.com) or contact [sales@tpservices.com](mailto:sales@tpservices.com)

**TransGroup Global Logistics • www.transgroup.com**

[www.transgroup.com](http://www.transgroup.com) provides comprehensive information about TransGroup Global Logistics, including locations, services, and global transportation and logistics capabilities. Detailed information about TransGroup's Web-based logistics management tools is also provided, as well as customer login access and links to resources useful to shippers. Visit [www.transgroup.com](http://www.transgroup.com) to learn about TransGroup Global Logistics, or contact TransGroup at 800-444-0294, or by e-mail at [info@transgroup.com](mailto:info@transgroup.com).

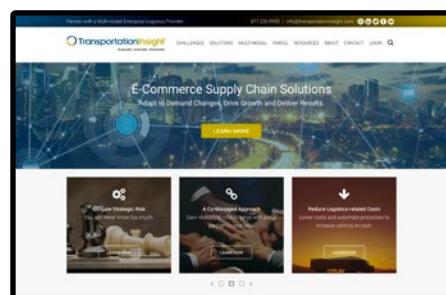


**Transplace • www.transplace.com**

Transplace is a North American non-asset-based logistics services provider offering manufacturers, retailers, chemical and consumer packaged goods companies the optimal blend of logistics technology and transportation management services. The company is the premier provider of managed transportation, consulting & TMS solutions; and intermodal, truck brokerage, and cross-border trade services. With operations centers located throughout North America, Transplace delivers integrated solutions tailored to meet in-county and cross-border supply chain needs.

**Transportation Insight • www.transportationinsight.com**

Global lead logistics provider Transportation Insight offers supply chain optimization to help with mergers and acquisitions, site selection, sourcing/distribution alignment, least landed cost determination, and more. With industry-leading strategic planning technology, supply chain expertise, and a continuous improvement mindset, Transportation Insight can help transform your business. Our offering spans domestic transportation, international logistics, and warehousing to deliver end-to-end supply chain solutions. Core bundled services include carrier sourcing, freight bill audit and payment, transportation management system, and supply chain reporting. Contact us at [info@transportationinsight.com](mailto:info@transportationinsight.com) or 877-226-9950.





**Tucker Company Worldwide • www.tuckerco.com**

Experiencing truckload capacity problems? Receive steady waves of truckload equipment—from dry vans to flatbeds, refrigerated to specialized equipment—with Tucker Company Worldwide. Experiencing problems implementing an inbound freight management program? We get the job done, under budget and fully controlled. Tucker Company Worldwide operates one of America’s oldest freight brokerages. We co-founded the TIA, and are active members of TCA, NITL, SC&RA, NASSTRAC, and CSCMP. We are always interested in sales agents, reps, or those selling brokerages/3PLs.

**Universal • www.universallogistics.com**

Universal is a leading asset-light provider of customized transportation and logistics solutions. We provide our customers with supply chain solutions that can be scaled to meet your changing demands and volumes. We offer a comprehensive suite of services including transportation, value-added, intermodal, air, ocean and customs brokerage services that can be utilized throughout your entire supply chain.



**Unyson • www.unysonlogistics.com**

As a division of Hub Group, Unyson specializes in elevating supply chain performance by using industry-leading practices, experienced professionals and state-of-the-art technology. We provide management solutions that support your strategic initiatives and deliver the results you need while guaranteeing supply chain savings and service levels.

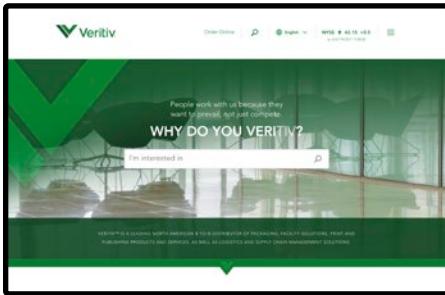
**UTXL • www.utxl.com**

Whether you need a core transportation service provider or a resourceful backup relief valve, turn to UTXL. UTXL handles truckload and multiple stop shipments (consolidated LTL) between any points in North America, and can arrange service to or from any state with satellite and/or cellular equipped teams and single drivers for your van, reefer, flatbed, or oversized shipments. Shippers nationwide rely on UTXL for reliable service and economical prices; you can, too. Check out the website for all the details.



**IN THIS SECTION:**

**3PL**



**Veritiv Corporation • www.veritivcorp.com**

Veritiv™ Corporation (NYSE: VRTV) is a North American leader in business-to-business distribution. A Fortune 500® company, Veritiv provides logistics and supply chain management solutions, packaging, facility solutions, print and publishing products and services.

**Wagner Logistics • www.wagnerlogistics.com**

Wagner Logistics offers dedicated warehousing, transportation management, packaging, and assembly operations across the United States with over 3 million square feet of warehousing space. We provide genuine customer service to our customers and our superior onboarding process will make your customers' transition seamless. We work tirelessly to find innovative solutions to reduce supply chain costs while increasing your speed-to-market with our latest award-winning technology.



**Werner Enterprises, Inc. • www.werner.com**

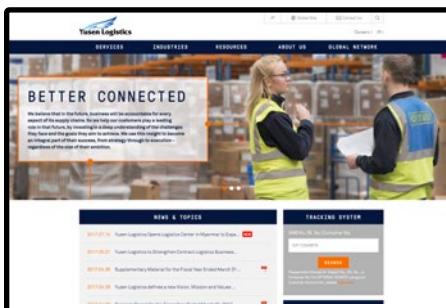
Werner Enterprises Inc. is a premier transportation and logistics company, with coverage throughout the United States, Canada, Mexico, and China. Werner maintains its global headquarters in Omaha, Neb., offering 24/7 service 365 days a year. Werner is among the five largest truckload carriers in the United States, with a portfolio of services that includes long-haul, regional and local van capacity, temperature-controlled, flatbed, dedicated, and expedited. Werner's value-added services portfolio includes import and export freight management, PO and vendor management, truck brokerage, intermodal, load/mode and network optimization, and global visibility. Internationally, Werner provides freight forwarding and customs brokerage services, and is a licensed NVOCC.



**WSI (Warehouse Specialists, LLC) • www.wsinc.com**

Reliability is everything. At WSI, that has been our approach to integrated logistics and supply chain solutions for more than 40 years. Our promise of Condition, Count & Time ensures accurate, timely, and sound performance—every time. Recognized as one of the top 3PL companies in North America, WSI delivers custom solutions for warehousing/distribution, fulfillment, transportation, import/export, information technology, and customer support services. Depend on WSI for increased efficiency, reduced costs, and absolute reliability.





### Yusen Logistics • [www.yusen-logistics.com](http://www.yusen-logistics.com)

Yusen Logistics offers a complete transport and logistics portfolio of services to some of the world's largest companies. We offer full end-to-end service coverage including origin cargo management, ocean freight forwarding, airfreight forwarding, warehousing, reverse logistics, surface transportation, and integrated supply chain solutions. We are committed to contributing to the sustainable development of our society through safe, environmentally friendly options.

## CUSTOMS BROKERAGE

### Packair Airfreight, Inc. • [www.packair.com](http://www.packair.com)

Packair started its freight logistics services in 1973 as an International Freight Forwarder Los Angeles. Today, with more than 44 years of experience in shipping high-value, oversize, and rare one-of-a-kind cargo, Packair is the freight logistics company of choice for many major Hollywood studios needing film production shipping services. Packair ships anywhere, by air, sea and ground, and is accustomed to dealing with freight of peculiar shapes and sizes, spot rates, urgent requests, and high-value cargo going to unusual destinations.



## FREIGHT FORWARDING

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## INTERMODAL

### Alliance Shippers Inc. • [www.alliance.com](http://www.alliance.com)

Delivering The Perfect Shipment® from pick up to destination. With operating facilities in the United States, Canada and Mexico, Alliance Shippers Inc. combines excellent customer care with state-of-the-art rail, highway, ocean and air transportation solutions. Additional services include warehousing, distribution, customs clearance, equipment/driver leasing and expedited transportation. For cost-effective logistic solutions tailored to your company's exact needs, contact Alliance Shippers Inc.



**IN THIS SECTION:**

**Logistics IT**

**LOGISTICS IT**

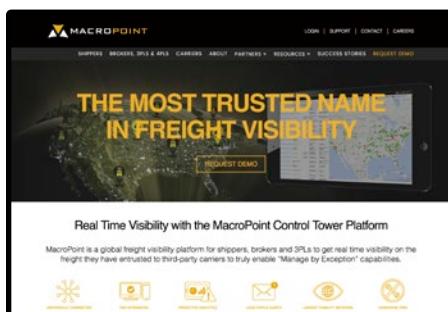


**Amber Road • www.amberroad.com**

Amber Road's (NYSE: AMBR) mission is to improve the way companies manage their international supply chains and conduct global trade. As a leading provider of cloud-based global trade management (GTM) solutions, we automate and optimize the supply chain functions required to import and export goods: collaborating with foreign suppliers on design and quality assurance; executing import and export compliance checks; booking international carriers and tracking goods as they move around the world; and minimizing the associated duties through preferential trade agreements and foreign trade zones.

**KINEXO • www.gokinexo.com**

Formerly known as International Traders, Inc. & First American Carriers, Inc., (ITI & FAC), KINEXO strategically propels companies forward by providing highly customized supply chain solutions that are proven to reduce costs, increase transactional visibility and maximize operating efficiency. Part of the Berkshire Hathaway portfolio of companies, KINEXO's vast experience has led them to become one of the most trusted partners in supply chain management. For more information, visit [gokinexo.com](http://gokinexo.com).



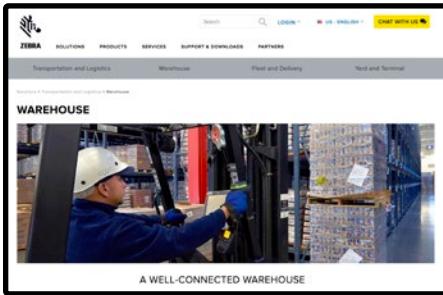
**MacroPoint • www.macropoint.com**

MacroPoint offers an unique logistics tracking solution for freight transported by third parties. Its patented logistics software transforms any operators' pre-existing cell phone, smartphone, or in-cab device into an automated location tracking system capable of tracking any load, anywhere, anytime. Today, MacroPoint's software tracks more than 500,000 drivers across North America and is used by more than 6,000 trucking companies and other third-party logistics providers to provide complete supply chain visibility.

**SMC<sup>3</sup> • www.smc3.com**

SMC<sup>3</sup> is the foremost provider of data, technology, and education as an integrated solution to the freight transportation community. SMC<sup>3</sup>'s core competency is its pricing expertise, which it delivers through products and services that simplify processes and promote collaboration between buyers and sellers of transportation services. The company currently serves more than 5,000 customers operating throughout the contiguous United States, Canada, and Mexico. SMC<sup>3</sup>'s customer base includes shippers, carriers, logistics service providers, and freight payment companies.





**Zebra Technologies • www.zebra.com/warehouse**

When it comes to creating a real-time warehouse, only Zebra Technologies brings you true end-to-end solutions. Zebra products help your company wrangle increasing complexities by automating processes and simplifying operations. Zebra services help you get and keep your mobile warehouse solution up and running at peak performance and free your IT staff to focus on business objectives.

TMS

**Arcline (2000) Inc. • www.arcline2000.com**

At Arcline (2000) Inc. we specialize in transportation management software. We provide two tailored packages: Freight Brokerage and Truck Dispatch. We provide easy-to-use and learn software that manages every aspect of your business including billing, dispatching, operations management, and reporting. Interfaces to accounting and mileage softwares. LTL Dispatch, Mobile Driver App, Internet tracking, EDI, ACE & ACI eManifest.



**Transplace • www.transplace.com**

Transplace is a North American non-asset based logistics services provider offering manufacturers, retailers, chemical and consumer packaged goods companies the optimal blend of logistics technology and transportation management services. The company is the premier provider of managed transportation, consulting & TMS solutions; and intermodal, truck brokerage, and cross-border trade services. With operations centers located throughout North America, Transplace delivers integrated solutions tailored to meet in-county and cross-border supply chain needs.

TRANSPORTATION MGMT/FREIGHT MGMT

**MGN Logistics Inc. • www.mgnlogistics.com**

MGN Logistics Inc.(MGN), is a leading provider of IT solutions for the freight management and transportation industry. Headquartered in Pennsylvania, with offices in Boston, Orlando, Chicago, New Jersey and Dominican Republic, the company has been providing sophisticated transportation related technology to Fortune 1000 companies since 2000. Offering advanced cloud-based freight management software, best-in-class freight audit and payment services, as well as enhanced analytics and benchmarking, MGN Logistics has quietly been the engine behind some of the country's largest brokerages and web-based 3PLs. With their product offerings now available to small and mid-sized companies, find out why the largest brokerages in the country have entrusted their freight management solutions to MGN Logistics.



**IN THIS SECTION:**

**Trucking - Warehousing**

**TRUCKING**



**ArcBest Corporation • www.arcb.com**

“We’ll Find a Way” is a testament of what our customers say about us. We say “yes” more often; we’re the kind of company that partners with them to problem-solve and make things happen. In short, we do the hard things well. We’ll Find a Way - has some grit to it; it speaks to the can-do attitude and relentless will of our people to get things done. It represents the heart and soul of the ArcBest family. When others say, “We can’t,” ArcBest companies find a way.

**Old Dominion Freight Line • www.odfl.com**

Old Dominion Freight Line is a less-than-truckload carrier providing complete nationwide service within the continental United States. Through its four product groups, OD-Domestic, OD-Expedited, OD-Global, and OD-Technology, the company offers an array of innovative products and services to, from, and between North America, Central America, South America, and the Far East. The company also offers a broad range of expedited and logistical services in both domestic and global markets.



**The Shippers Group • www.shipperswarehouse.com**

The Shippers Group is a well-established regional provider with strong knowledge and insight into the economic and political infrastructure of the Dallas/Fort Worth region. All the facilities operated in the Dallas/Fort Worth metroplex are food grade, and consistently rated excellent and superior by AIB. Let The Shippers Group help you match your requirements to the appropriate location, whether it be a new facility, an existing facility, or additional space that can be leased in the area. Details are available on the website.

**WAREHOUSING**

**The Shippers Group • www.shipperswarehouse.com**

The Shippers Group is a well-established regional provider with strong knowledge and insight into the economic and political infrastructure of the Dallas/Fort Worth region. All the facilities operated in the Dallas/Fort Worth metroplex are food grade, and consistently rated excellent and superior by AIB. Let The Shippers Group help you match your requirements to the appropriate location, whether it be a new facility, an existing facility, or additional space that can be leased in the area. Details are available on the website.





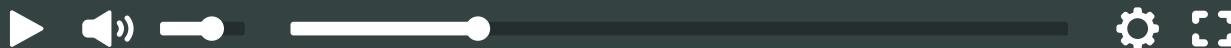
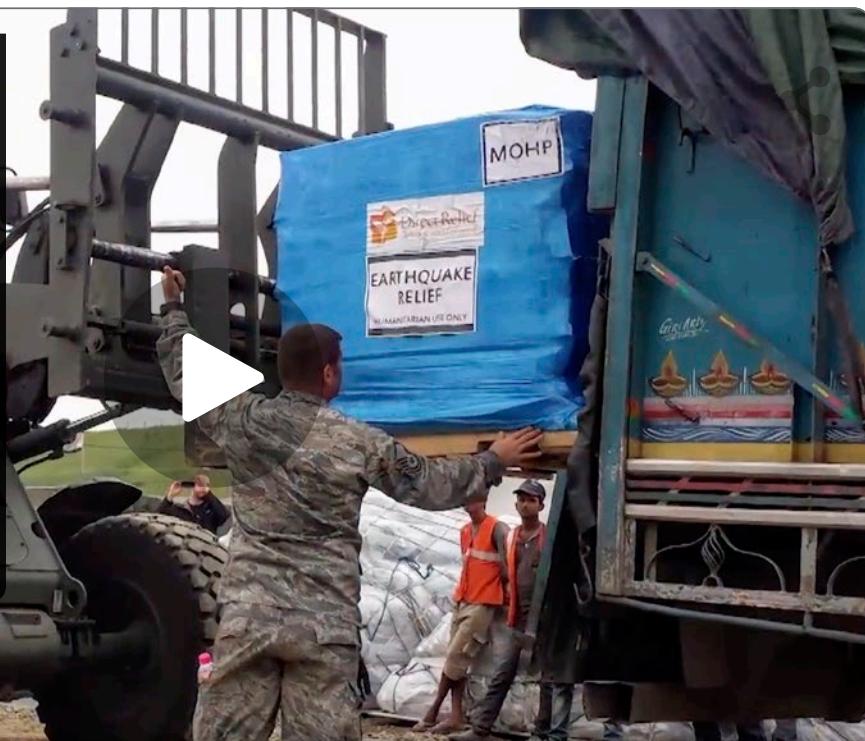
*Inbound Logistics* selects the best logistics and supply chain videos available anywhere and serves them up on [www.YouTube.com/InboundLogistics](http://www.YouTube.com/InboundLogistics)

## Logistics to the Rescue

[bit.ly/DirectReliefNewcastleSys](http://bit.ly/DirectReliefNewcastleSys)

### Direct Relief and Newcastle Systems

Direct Relief, a global humanitarian aid organization, got vital medical supplies off the dock 67 percent faster to the people who need them the most, thanks to mobile-powered carts from Newcastle Systems. This video illustrates how the new carts resulted in major efficiency gains in Direct Relief's 24,000-square-foot distribution facility in Santa Barbara, California. According to CEO Thomas Tighe, Direct Relief saw an increase of 40 percent in the number of batches it received, and can process them more accurately and in 20 percent less time.



### Playing it Safe

[bit.ly/LionTechHAZMAT](http://bit.ly/LionTechHAZMAT)

#### Lion Technology

If you ship hazmat/dangerous goods, you and your employees must complete training on the US DOT's Hazardous Materials Regulations (HMR), found at 49 CFR 100-185. DOT maintains specific rules for classifying, naming, packaging, marking, labeling, loading, unloading, and placarding hazmat shipments, as well as filling out hazmat shipping papers. Learn how to stay compliant in this informative video.



## Don't Get Boxed In

[bit.ly/BoxLatch](http://bit.ly/BoxLatch)

### Box Latch

B2B fulfillment and distribution centers constantly seek new ways to enhance supply chain sustainability, and box sealing is one area to consider. This video shows how Box Latch products encourage corrugated cardboard box re-use. These reusable products eliminate money invested in one-time use of tape, while promoting box re-use and helping the environment.

## BluJay Conference Soars

[bit.ly/SOAR2017BluJay](http://bit.ly/SOAR2017BluJay)

### BluJay Solutions

Couldn't make BluJay Solution's SOAR 2017 conference? No worries! This video contains all the highlights of the jam-packed agenda filled with expert advice. BluJay executives offer insider knowledge into product roadmaps, while industry experts predict supply chain trends headed your way. Attendees said they walked away with the knowledge to improve their own supply chains and their careers.



## Make No Excuses

[bit.ly/CoyoteNoExcuses](http://bit.ly/CoyoteNoExcuses)

### Coyote Logistics

Coyote's "No Excuses" philosophy is to offer both shippers and carriers the best service experience in the industry. As you will see in this video, Coyote's culture, people, and technology fuel fanaticism for this commitment every day. Coyote invests in its employees, offering rigorous training programs, accessible leadership, talent development, and more.

## Happy Anniversary!

[bit.ly/PortHamburgAnniversary](http://bit.ly/PortHamburgAnniversary)

### Port of Hamburg

Tune into this video and get ready to party with a behind-the-scenes look at the Port Anniversary in Hamburg—the biggest harbor festival in the world. With more than 300 ships from all over the world, spectacular displays, and lots of live music, the 828th anniversary festivities offer a varied maritime program in the unique setting of the Port of Hamburg. See how the Hamburg Port Authority plays an important role in the preparation and organization of this mega event.



## Logistics Career Advice

[bit.ly/CMUCareers](http://bit.ly/CMUCareers)

### Central Michigan University, College of Business Administration

Here's some great career advice for future logistics professionals from Mark Spieles, marketing and logistics instructor at CMU. He outlines three steps to embrace when you start interviewing for a new position: Be flexible, be a continuous learner, and work hard, which sometimes means sacrificing personal time for your career.

# WhitePaperDigest

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



## Saddle Creek Logistics Services

**TITLE:** *Optimizing Omnichannel Distribution Through Outsourcing*

**DOWNLOAD:** <http://bit.ly/2uiBxB9>

**SUMMARY:** As omnichannel becomes more mainstream, retailers and e-commerce companies need to find ways to improve the speed, service, and scalability of their operations. According to this report, a third-party expert can provide significant value through customization, advanced technology, and network optimization. Learn how their expertise and experience with best practices can help to ensure seamlessness between channels, increase order processing and delivery speed, and accommodate business fluctuations.

## Logistics Trends and Insights

**TITLE:** *The Evolving Freight Forwarding Market (2017)*

**DOWNLOAD:** <http://bit.ly/2sYQ4us>

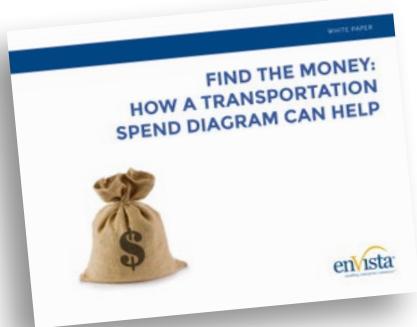
**SUMMARY:** Digitization is the future for freight forwarders, according to the results of a survey conducted in April 2017 and based on 80 responses. This whitepaper details those results, including how the freight forwarding market is being redefined, critical pain points, what customers value most from their forwarders, market share changes, and more. Technology is leading the way for supply chains and forwarders have taken note: according to the survey, digitization is not a "nice to have" but a "need to have" for all supply chains.

## Amber Road

**TITLE:** *Evolution of Supply Chain Solutions*

**DOWNLOAD:** <http://bit.ly/2uikEjC>

**SUMMARY:** The scope and capabilities of global supply chains and the tools for managing them have evolved significantly over the past two decades. The latest generation of Global Trade Management solutions includes the functionality to streamline and automate processes related to global logistics, inventory management, international customs, and regulatory compliance. Download this eBook, which identifies the evolution, tools, and future trends expected to have a dramatic effect on global trade.



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## enVista

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**TITLE:** *Find the Money: How a Transportation Spend Diagram Can Help*

**DOWNLOAD:** <http://bit.ly/2ui4Bm8>

**SUMMARY:** Transportation leaders are constantly looking for ways to reduce costs while improving service levels as they conduct strategic assessments. Using the Spend Diagram to document freight flows and costs on a single page is the best way for a transportation team to collect data and focus their efforts. Download this whitepaper to learn how a Spend Diagram can identify savings opportunities throughout your transportation operations.

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## Unyson Logistics

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**TITLE:** *Global Visibility Through a Network Control Tower*

**DOWNLOAD:** <http://bit.ly/2uij3uj>

**SUMMARY:** In an industry where many logistics providers claim to deliver global visibility, the service frequently delivers little value to the shipper and little else to distinguish the provider from the services rendered within a standard Transportation Management System (TMS). In this whitepaper, you'll discover the process of implementing a control tower, its benefits, and common pitfalls to avoid.

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## ClearMetal

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**TITLE:** *Toppling 2 Major Misconceptions in Predictive Logistics*

**DOWNLOAD:** <http://bit.ly/2gWNsLI>

**SUMMARY:** The race is on to digitally transform global supply chains. But there are more questions than answers today, especially when it comes to AI, machine learning, and data analytics. What's the formula for data-centric success in the global supply chain? Before you begin your journey, check out this new whitepaper uncovering the three barriers to predictive logistics, and find out the four building blocks to overcome these barriers.

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## Kenco

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**TITLE:** *New Supply Chain Technology Best Practices*

**DOWNLOAD:** <http://bit.ly/2sYUub9E>

**SUMMARY:** The purpose of this paper is to provide the reader with information about five new innovative technologies that could greatly impact the supply chain: drones, 3-D printing, driverless vehicles, robotics, and wearable technology. The paper delves into the many benefits of each technology as well as some challenges and gives the reader a peek into an amazing future.

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## Kane is Able

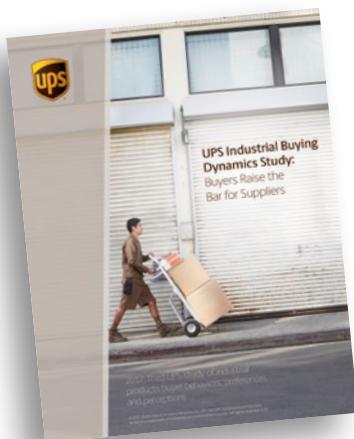
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**TITLE:** *Safety in Logistics Operations*

**DOWNLOAD:** <http://bit.ly/2uizdnu>

**SUMMARY:** In logistics, the commitment to safety is too often like the half-hearted embrace we give an older aunt we occasionally see at family gatherings. We do it because we have to and it's expected. But we're not giving safety the full-on bear hug it deserves. This eBook examines safety investments from an ROI perspective, and then offers up four strategies to improve safety performance in your logistics operation.





## Veraction

**TITLE:** *Game Changer - Transportation Spend Intelligence*

**DOWNLOAD:** <http://bit.ly/2owsi9p>

**SUMMARY:** Best-in-class analytics can transform transportation cost data into an advantage for any company. Analytics can eliminate the pain involved with managing raw transportation data and converting it into actionable intelligence—reducing the time required to produce analyses or take action. But with such promise comes hype, making it difficult to distinguish between solutions. In this whitepaper, you'll learn what a best-in-class transportation spend analytics solution should deliver.

## UPS

**TITLE:** *Buyers Raise the Bar for Suppliers*

**DOWNLOAD:** <http://bit.ly/2uiDreK>

**SUMMARY:** Asset-light e-marketplaces and other non-traditional shopping channels, combined with shifting demographics, are upending industrial distributors' inventory-heavy model more rapidly than previously thought. As a result, distributors must quickly adapt and address threats with everything from sharper mobile offerings to upgraded customer service, a new whitepaper from UPS shows. The report identifies four main ways for distributors - including those with smaller ambitions or limited funds - to remain competitive and offers solutions to reach young corporate buyers where and how they want to interact.

## MacroPoint

**TITLE:** *Why Freight Visibility is Important*

**DOWNLOAD:** [http://bit.ly/Macropoint\\_Visibility](http://bit.ly/Macropoint_Visibility)

**SUMMARY:** The global supply chain is always moving, but when it isn't, it is everyone's problem. Goods in various stages must be transported to and from raw materials suppliers, manufacturers, wholesale distributors, retailers, and end users. One hiccup can affect everyone in the logistics sector, thus the term "supply chain." Download this whitepaper to learn the consequences of late loads, undeniable importance of freight visibility, how real-time visibility enables exception management, and what to look for in a visibility partner.

## LLamasoft

**TITLE:** *Supply Chain Design 101*

**DOWNLOAD:** <http://bit.ly/2uiDvv0>

**SUMMARY:** Once upon a time, way back in the technology dark ages (sometime before Y2K), supply chain network models had to be created by hand. As technology progressed, spreadsheets were used alongside calculators and back of napkin sketches, but it was still pretty much a manual process done once a year - or less. Fast-forward to modern times: today's supply chains are increasingly complex and function in volatile global networks. Businesses needed a way to visualize the supply chain digitally, and get answers to a myriad of what-if questions that spreadsheets cannot accommodate. The answer: supply chain design. Download this ebook to learn: The difference between supply chain design and supply chain planning; how design helps other systems operate more efficiently; when to leverage design technology; and how to create a supply chain design competency.



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## Contract Logix

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**TITLE:** *Contract Lifecycle Management for Transportation & Logistics*

**DOWNLOAD:** <http://bit.ly/2gZJEcE>

**SUMMARY:** Contracts are what define business relationships for companies of any size in any industry. They are the backbone of any organization, which is why managing them effectively is critical to the success of your business. But many organizations encounter the pitfalls associated with ineffective contract management, such as missed contract deadlines, failure of an audit, or version control problems. In this whitepaper, you'll discover the 10 best practices for contract lifecycle management that focus specifically on the core components of centralization, accessibility, visibility, and automation.

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## 3PL Central

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**TITLE:** *The Five New Rules for Smart Omni-Channel Fulfillment*

**DOWNLOAD:** <http://hubs.ly/H07BIX00>

**SUMMARY:** The staggering growth of e-commerce and ongoing shift to B2C fulfillment are changing the game throughout the 3PL industry. If you are looking to profit from the new opportunities emerging in this environment, download a free copy of 3PL Central's latest e-Book.

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## Purolator International

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**TITLE:** *Facilitating the U.S.-Canada Border Clearance Process*

**DOWNLOAD:** <http://bit.ly/2uQsrbv>

**SUMMARY:** All businesses engaged in international trade have a critical need to understand their compliance responsibilities, and to ensure they have internal processes in place to meet those obligations. Download this whitepaper for an in-depth overview of the compliance process – including areas of particular vulnerability and the recommendations for improving your internal compliance management.



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## PINC Solutions

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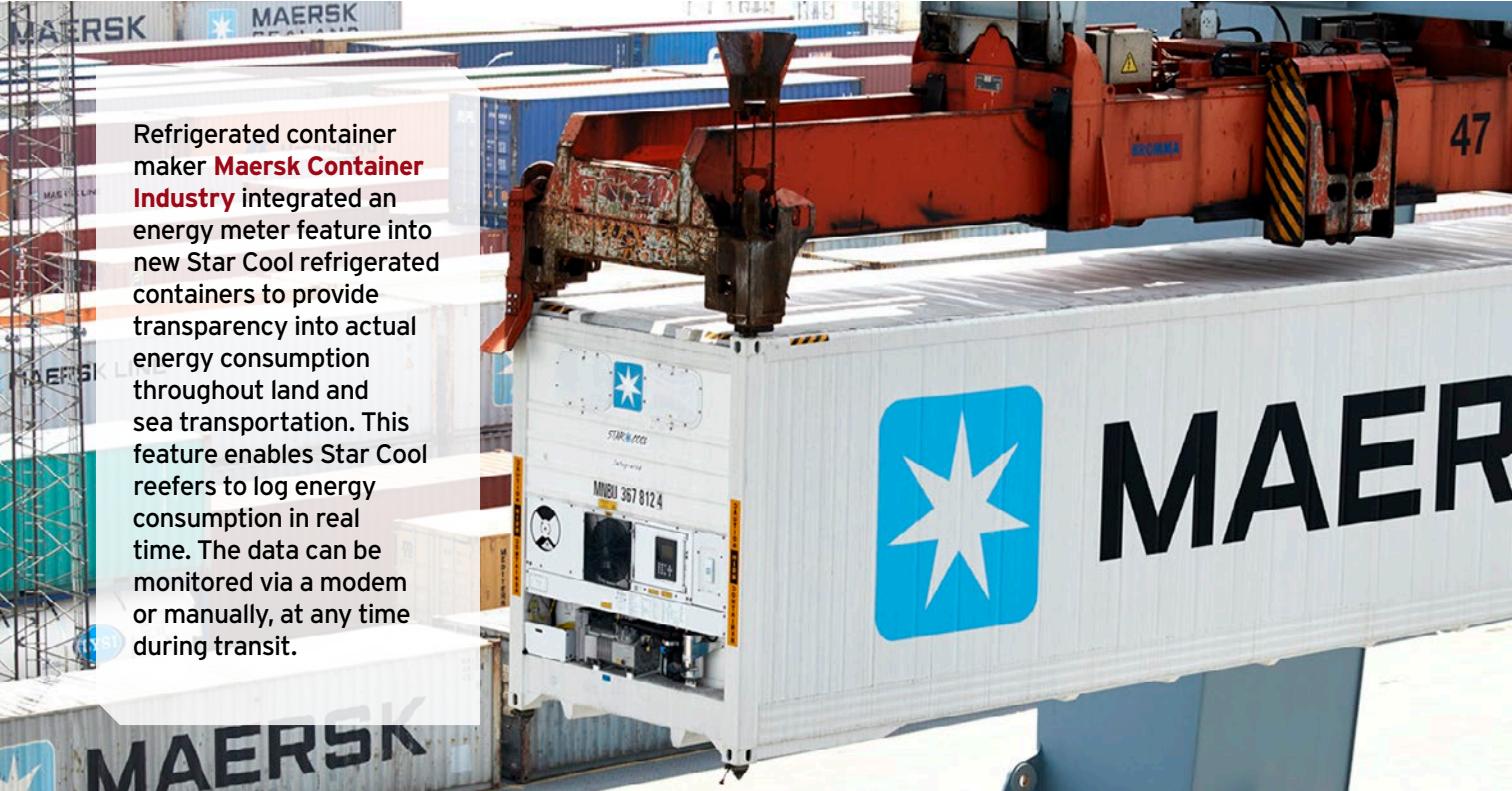
**TITLE:** *The Rise of the Digital Yard*

**DOWNLOAD:** [http://bit.ly/PINC\\_DigitalYard](http://bit.ly/PINC_DigitalYard)

**SUMMARY:** Is your yard ready to join the digital revolution? With the millions of trailers nationwide sitting idle and unhooked 80 percent of the time, it's time to take the yard out of the dark ages and into the digital world. What are digital yards? What does the digital yard mean to the entire supply chain? How do you build the business case and get started? Explore these questions and more in this new whitepaper.

### Share your whitepaper with *IL* readers!

*WhitePaper Digest* is designed to bring readers up-to-date information on all aspects of supply chain management. We're building a database of SCM whitepapers, and you can help. E-mail us with whitepaper recommendations: [editorial@inboundlogistics.com](mailto:editorial@inboundlogistics.com)



Refrigerated container maker **Maersk Container Industry** integrated an energy meter feature into new Star Cool refrigerated containers to provide transparency into actual energy consumption throughout land and sea transportation. This feature enables Star Cool reefers to log energy consumption in real time. The data can be monitored via a modem or manually, at any time during transit.

### //Services//

Cargo airline **Lufthansa Cargo** now offers shippers the Road Feeder Service Cool (RFS-Cool) booking option. The new provision ensures temperature-sensitive cargo is actively or passively cooled or warmed, not just on board aircraft, but also in road link connections. For example, through the RFS-Cool service, Lufthansa Cargo customers can make binding, further onward travel reservations within Europe for sensitive medication that has been flown into Frankfurt and ensure goods remain inside the specified temperature range.

Transportation and logistics services provider **G&D Integrated** opened a warehouse facility in the Chicago metro area. Located at 3300 Corporate Drive in Joliet, Illinois, the site offers logistics services such as warehousing, assembly, manufacturing, distribution, and fulfillment operations as well as cross-docking capabilities. The 200,000-square-foot facility provides immediate access to I-80 and I-55 and is close to the BNSF Railway and Union Pacific Global IV Intermodal Facility.

Logistics services provider **Purolator International** launched an expedited forwarding service for domestic U.S. shipments. The service is available for next-day, two-day, or 3- to 5-day delivery. Purolator International also offers guaranteed Elite service for shipments that require a specialized delivery window. The expedited forwarding service offers U.S. coverage, using a distribution network made up of hubs, airports, and qualified transportation partners.



**OOCL** introduced two new Intra-Asia services: the Indonesia Thailand Straits Service (ITS) and Vietnam Johor Straits service (VJS). The ITS service sails once weekly and stops at Bangkok, Laem Chabang (Thailand), Port Kelang (Malaysia), Singapore, Semarang, and Surabaya (Indonesia). The VJS service also sails once weekly and covers Haiphong (Vietnam), Pasir Gudang (Malaysia), Singapore, and Port Kelang.

**Delta Air Lines Cargo** and **Grupo Aeromexico, S.A.B. de C.V. Cargo** are working together to expand their cargo operation in the transborder market between the United States and Mexico. The cargo joint cooperation agreement will allow shippers to work with either carrier to transport cargo across a broad network of flights and joint trucking options. Developments are also underway to integrate technologies. Delta and Aeromexico Cargo have co-located warehouses in Mexico, Boston, New York-JFK, Miami, San Francisco, and Chicago, with Orlando and Detroit opening in summer 2017.

## //Transportation//

**Virgin Atlantic Cargo** now offers shippers seven flights daily, seven times each week to and from New York with its new Manchester service. The new daily flights from Manchester, England, to New York JFK, are in addition to the cargo airline's existing five daily services to JFK from London Heathrow and its daily Heathrow-Newark service.

Ocean transport company **Splithoff** extended its Medliner service by adding the port of Sagunto in Spain to its rotation. It had recently added

a stop in Veracruz, Mexico, to this route, which also includes Gemlik, Izmir/Gulluk (Turkey), Monfalcone, Porto Marghera, Genoa (Italy), Port Everglades, New Orleans, and Houston.

**CMA CGM** launched AZTECA, a service linking the west coasts of the United States, Central America, and South America. CMA CGM operates this service in collaboration with Hamburg Süd. The weekly service offers competitive transit times between California, Mexico, Guatemala, El Salvador, Nicaragua, Costa Rica, and Colombia.

**Newgistics**, a provider of end-to-end e-commerce solutions, launched SmartLabel+, which simplifies e-commerce returns for retailers. It uses Newgistics' tracking technology and nationwide network of facilities to speed up a retailer's ability to get inventory back into active stock. When a customer initiates a return that uses SmartLabel+, parcels are routed to the nearest "First Touch" Newgistics facility instead of the retailer's distribution center. This lets Newgistics open and inspect a return, and process products quickly.



## //Technology//

Online freight forwarder **iContainers** launched an instant notification system allowing shippers to automatically receive up-to-date information regarding the status of their ocean freight shipments. The new notification system allows importing and exporting companies to automatically track shipment status in real time. Shippers receive instant notifications via email with detailed information on cargo status throughout the ocean freight process.



Conveying systems maker **BEUMER Group** developed the **BEUMER Overall Operative Monitoring** application, which enables staff to monitor the operation of entire packaging lines on their mobile devices at any time. The app enables users to keep a constant eye on the current status of the filling, palletizing, and packaging machines connected to their system using their mobile devices. This gives employees information on the effectiveness of the entire line: availability, performance, and quality level of the line or single machines as well as energy and compressed-air consumption.

Multimodal automation platform **project44** added real-time quoting and automated tendering capabilities for volume less-than-truckload (LTL) shipments. The technology company's capacity provider network includes API-based connectivity with more than 70 percent of the domestic volume LTL capacity, including carriers such as FedEx Freight, Old Dominion, Sunset Pacific, UPS Freight, and YRC Freight. The new features let shippers get volume LTL freight quotes within their current TMS interface or through an additional portal.

**DHL Global Forwarding**, the air and ocean freight arm of Deutsche Post DHL Group, launched *Ocean View*, an online platform that allows shippers to track their ocean freight shipments and improve end-to-end supply chain planning. *Ocean View* consolidates information from DHL's transportation management system, the ocean carrier, and the vessel for real-time visibility into ocean transport. It also provides a forecast on future milestones as well as a notification feature in case of route changes or delays.

## //Products//

Hydraulic equipment maker **Presto Lifts** introduced portable dock lifts that don't require a pit. Presto ECOA Trans-A-Dock Surface Mount Loading Dock Lifts can access a range of truck bed heights up to 60 inches and transfer loads to fixed height docks or to grade level. They are available in 3,000-, 4,000-, and 5,000-pound capacities.



Materials handling services provider **APS Resource** released an upgraded version of its S.W.A.T. (Secondary Warning Alert Technology) module, designed to provide added protection for loading dock personnel. The unit visually alerts workers when a restraint enters an alarm or warning state. With an increased flash rate of 60 flashes per minute, the unit gives forklift drivers a heightened awareness of their surroundings. The S.W.A.T. module easily mounts on a loading dock wall next to the vehicle restraint control panel.

Loading dock equipment maker **Rite-Hite** introduced the Uni-Dox Inflatable Shelter, which is designed for loading docks that service a wide variety of truck and trailer configurations. The Uni-Dox shelter rapidly inflates after the truck is docked and deflates before it leaves. The Uni-Dox uses conforming, non-inflatable draft pads to reduce the risk of damage and leaks. These draft pads diminish wear and tear on the inflatable bags, improving the seal's overall effectiveness and reliability.

Mobile robot manufacturer **AutoGuide** introduced the Max-N10 tugger, which comes with the SUREPATH natural feature navigation. The guidance system lets the tugger navigate a warehouse without requiring magnetic tape or RFID tags. The vehicle travels up to 4 miles per hour and performs reversing maneuvers to accommodate automatic trailer hitching and unhitching functions. The tugger can move loads up to 10,000 pounds with no tape, tags, or reflectors.



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An advertisement for the Inbound Logistics Podcast on Tunein. The background is a light gray surface with a stack of blue books on the left and a set of keys in the foreground. In the center, there is a blue speech bubble containing the text: "EPISODE 24: Is your supply chain business moving at the speed of technology or are you one of the companies getting left behind? inbound logistics SPECIAL GUEST: MIKE ZAYONC, DIRECTOR, PLUG AND PLAY SUPPLY CHAIN &amp; LOGISTICS". To the right of the speech bubble is a black Amazon Echo smart speaker with a glowing blue ring. The Amazon logo is visible on the front of the speaker. In the bottom left corner, the text "NOW AVAILABLE VIA" is followed by the Tunein logo.

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Council of Supply Chain Management Professionals

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[cscmpconference.org](http://cscmpconference.org) | Atlanta, Ga. | SEPT 24-27, 2017

**AUDIENCE:** Supply chain management professionals

**FOCUS:** End-to-end supply chain solutions; global supply chain best practices; increasing visibility; integrated business planning

**OCT 15-17, 2017** San Antonio, Texas

American Production and Inventory Control Society

## APICS 2017

[apics.org/annual-conference](http://apics.org/annual-conference)

**AUDIENCE:** Supply chain, operations, and logistics management professionals

**FOCUS:** Strategies to create more sustainable, strategic, and value-driven supply chains; simulation and optimization in complex manufacturing operations; reverse logistics trends

**NOV 1-3, 2017** Miami, Fla.

World Trade Center Miami

## Air & Sea Cargo Americas

[seacargoamericas.com](http://seacargoamericas.com)

**AUDIENCE:** Executives from the aviation, maritime, and logistics sectors

**FOCUS:** Enhancing the growth of the cargo industry; the latest security and safety regulations to secure cargo; manufacturer and shipper needs in high-growth cargo

**JAN 29-31, 2018** Dallas, Texas

National Industrial Transportation League (NITL)

## 2018 Transportation Summit

[www.nitl.org/events/annual-conference/2018-summit](http://www.nitl.org/events/annual-conference/2018-summit)

**AUDIENCE:** Logistics professionals

**FOCUS:** Navigating the intergenerational workforce; rail, ocean, and highway freight transportation issues; trends in rail and ocean transportation; highway transportation update; energy outlook

### CONFERENCES

**SEPT 17-20, 2017** Long Beach, Calif.

Intermodal Association of North America (IANA)

## Intermodal Expo 2017

[intermodalexpo.com](http://intermodalexpo.com)

**AUDIENCE:** Intermodal freight stakeholders

**FOCUS:** Cloud-based solutions to intermodal challenges; the future of NAFTA and North America's trade lanes; the promise and perils of autonomous vehicles in intermodal; ocean alliances, consolidation, and marine terminal ownership; transloading trends

**SEPT 18-20, 2017** Nashville, Tenn.

Event Evolution

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[parcelforum.com](http://parcelforum.com)

**AUDIENCE:** Distribution, logistics, supply chain, and warehouse managers; small-package supply chain stakeholders

**FOCUS:** Optimizing the international supply chain; evaluating DC efficiencies; analytics for controlling your spend; the labor market and its impact on DC site selection; choosing between conveyor-based or cart-based picking

**SEPT 25-29, 2017** Chicago, Ill.

International Quality & Productivity Center (IQPC)

## Global Forum 15th Annual Temperature Controlled Life Science Supply Chains

[coldchainglobalforum.com](http://coldchainglobalforum.com)

**AUDIENCE:** Cold chain stakeholders

**FOCUS:** Addressing the medical needs of patients globally through industry collaboration and supply chain innovation; eliminating supply chain blind spots to increase safety and improve quality

**OCT 2-4, 2017** Boca Raton, Fla.

MHI

## MHI Annual Conference

[www.mhi.org/conference](http://www.mhi.org/conference)

**AUDIENCE:** Supply chain stakeholders in manufacturing and distribution companies

**FOCUS:** From the Internet of Things to smart factories, implementing Industry 4.0; innovating swiftly and systematically; building the future supply chain workforce; current and future state of distribution center technology; trends shaping the materials handling sector

**OCT 3-5, 2017** Nashville, Tenn.

Worldwide Business Research

## Consumer Returns Management 2017

[consumerreturns.wbresearch.com](http://consumerreturns.wbresearch.com)

**AUDIENCE:** Executive-level supply chain professionals

**FOCUS:** Overcoming the omni-channel returns challenge; integrating expectations within the reverse supply chain; reducing returns through a customer-value partnership; data-driven insights on optimizing policies

**OCT 4-6, 2017** West Philadelphia, Pa.

Worldwide Business Research

## LogiPharma 2017

[logipharmaus.wbresearch.com](http://logipharmaus.wbresearch.com)

**AUDIENCE:** Pharmaceutical supply chain stakeholders

**FOCUS:** Optimizing the supply chain to contain costs in an ever-changing healthcare environment; activating the digital supply chain to increase efficiencies and better meet patient needs; building the supply chain of the future and partnering for end-to-end visibility

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[executive.mit.edu](http://executive.mit.edu)

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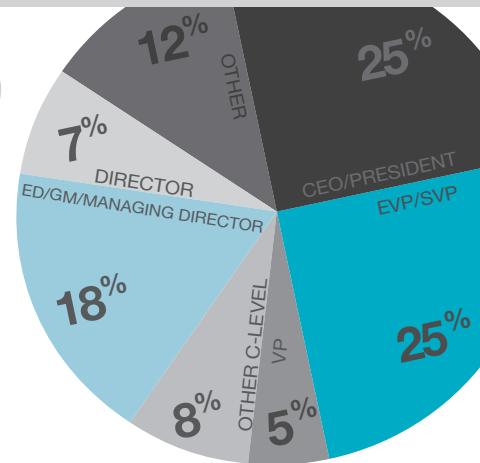
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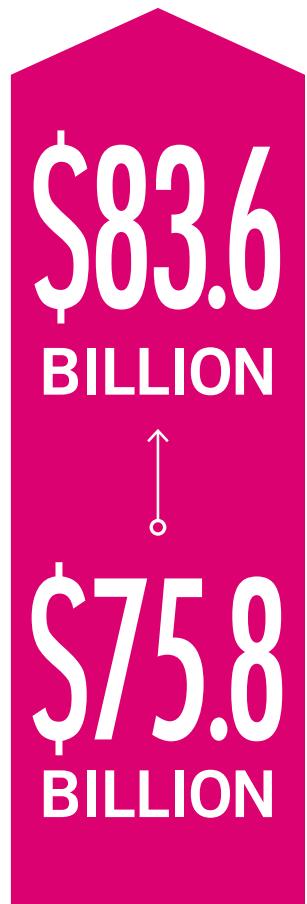
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# Supply Chain Goes



**JULY AND AUGUST 2017** ARE EXPECTED TO BE TWO OF THE BUSIEST MONTHS FOR CARGO CONTAINER IMPORTS EVER RECORDED BY THE NATIONAL RETAIL FEDERATION'S GLOBAL PORT TRACKER REPORT.

TARGET, WALMART, AND AMAZON ARE THE THREE TOP RETAILERS FOR BACK-TO-SCHOOL SHOPPERS.



THE ESTIMATED AVERAGE SPENDING ON SCHOOL SUPPLIES PER HOUSEHOLD IS

**\$114**

PARENTS OF SCHOOL-AGE KIDS ALSO SAY THEY WILL SPEND AN AVERAGE OF \$239 ON CLOTHING, \$204 ON ELECTRONICS, AND \$130 ON SHOES.

RECEIPT	
School Supplies	114.00
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Electronics	204.00
Shoes	130.00
Total	687.00
Bank Card *****9752	
Thank you for shopping!	

**5.1%**

INCREASE IN IMPORTS AT U.S. CONTAINER PORTS IN JULY 2017 COMPARED TO JULY 2016 AS RETAILERS STOCK SHELVES WITH BACK-TO-SCHOOL IMPORTED PRODUCTS.



**1.75 Million TEUs**

ESTIMATED CARGO VOLUME AT MAJOR U.S. PORTS IN AUGUST 2017, UP 2.2 PERCENT FROM 2016.

**91% v. 54%**

PERCENT OF ONLINE SHOPPERS PLANNING TO TAKE ADVANTAGE OF FREE SHIPPING V. PERCENT PLANNING TO BUY ONLINE AND PICK UP IN STORE.

*Sources: National Retail Federation: annual survey conducted by Prosper Insights and Analytics, and its Global Port Tracker Report prepared by Hackett Associates; Branding Brand*

EXPECTED TOTAL SPENDING ON SCHOOL SHOPPING BY SCHOOL- AND COLLEGE-AGE FAMILIES IN 2017, A **MORE THAN 10-PERCENT INCREASE** FROM 2016.



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