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NASCO: North America’s SuperCorridor Coalition
Poised to capitalize on expanding cross-border trade between the United States, Canada, and Mexico is the NASCO Corridor—a tri-national partnership dedicated to supporting economic development activity, multi-modal infrastructure improvements, technology/security innovations, and environmental initiatives. Find out why leading transportation and logistics companies are setting their sites on the NASCO Corridor.
MORE TEAM DRIVERS.
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MORE CUSTOMER SERVICE.
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Imagine walking into a board meeting in one of the largest companies in the world and telling your management peers you can streamline the company’s global operations from 87 vertical-silo supply chains into a horizontally integrated network of five – then doing it.

That’s the story Carly Fiorina shared with Council of Supply Chain Management Professionals (CSCMP) members during her keynote address at this year’s conference in Philadelphia. Recounting her chain of command at Hewlett Packard, and its evolution from a market also-ran to a leading contender, Fiorina championed using supply chain as a change agent within today’s global enterprise.

The former HP CEO spoke of a corporate culture that in the late 1990s reflected the mergers and organic growth of the time, resulting in a lack of supply chain integration across business units and sound procurement strategies. HP could not leverage the broad scope or huge market scale, and passed along the costs of this madness to the consumer. This was a company so fraught with customer service problems that it missed hitting its numbers for nine consecutive quarters during technology’s boom years.

Fiorina correctly diagnosed the problem and ruffled plenty of feathers to fix it. HP flipped its fortune by approaching supply chain management from a holistic perspective, integrating business units and concentrating purchasing power to leverage and reduce costs throughout the enterprise. Recognizing that the supply chain cuts across vertical hierarchies and therefore acts as a change agent in marshalling innovative ideas and strategies, Fiorina impressed a “C-change” effect on HP’s organizational structure. The impact was immediate and enduring.

Fiorina’s holistic vision has relevance today, especially in organizations where the natural momentum is to maintain the logistics status quo.

Another innovative approach is being taken by the NASCO trade partnership (see page 67). The nonprofit public/private partnership is helping grow multi-modal infrastructure development along the NASCO trade corridor, linking Mexico, the United States, and Canada.

Global businesses shackled by the increasing challenges of bringing Asian-origin goods to market may appreciate a new perspective – whether it’s taking a horizontal approach to managing their inbound supply chain or reengineering transportation links by exploring new trade channels. As the NASCO article illustrates, being imaginative can help your enterprise reap real rewards.

Can you imagine walking into a board meeting holding the key to helping management unlock the West Coast capacity conundrum? Or slashing costs and boosting customer service by really reengineering supply chain practices? All it takes is a little supply chain imagination.
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Managing Warehouse Labor Costs

Ask any warehouse manager, “what is the most difficult cost to control?” and the answer will invariably be labor. Labor costs comprise the largest part of a warehouse’s operating expenses. The ongoing challenge is managing those costs without jeopardizing customer service and reducing productivity. Tim Wills, vice president of PEAK Technologies, Columbia, Md., offers these tips for managing labor costs.

1. **Conduct a thorough examination of your facility.** Put a team together and start measuring worker performance and warehouse layout. Identify who is doing what and in what time frame. Start with order picking operations, which represent a good portion of the labor tab. Then check packing, receiving, and replenishment. You may be able to pinpoint problems immediately.

2. **Analyze each operation and results.** Identify areas where your organization is slow. Physically watch the overall flow of a packing process, then a picking process. Are products organized properly? Twenty percent of the total products account for 80 percent of all picking activity. Make sure these products are in the most ergonomically sound locations and are given ample storage space.

3. **Seek professional help.** Work with a systems integrator to identify a plan of action for providing solutions, which may include software purchases and procedural changes. Make sure you look at your current needs as well as the future picture and plan for any potential changes in operations such as growth or increased capabilities. This will prevent you from opting for software that provides too little or choosing technology that will not fit your expected needs.

4. **Do real-time troubleshooting.** Non-functioning or poorly performing data-gathering devices can disrupt warehouse operations and make workers less efficient. They also force you to keep expensive spare parts or devices sitting on the shelf. It is now possible to remotely take control of data-gathering devices, run them through diagnostic procedures in real time, and determine if they can be fixed immediately or need to be shipped off for further repairs. This can help ensure that warehouse personnel are always equipped to operate efficiently.

5. **Consider automating your paper-based and manual processes.** It may seem obvious, but many operations still use manual, paper-driven methods for putaway, picking, and gathering shipping information. Manual methods are time consuming and involve a higher risk of error. In addition, the data has to become electronic at some point in the process. Automated data-gathering extends the electronic environment out onto the warehouse floor, with information-gathering tools such as handheld scanners, bar-code readers, and other remote devices. These tools are proven to improve accuracy, make personnel more efficient, and help operations run smoothly.

6. **Consider voice solutions.** Voice logistics has moved from an emerging, niche technology to a real-world application. It uses the most natural form of communication—voice—to make applications such as...
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as picking, receiving, putaway, replenishment, and order checking faster, easier, and more instinctive. This can reduce training costs, put new or replacement personnel on the job faster, and potentially improve accuracy and workflow.

7 **Take the work out of the labeling process.** Automating label application in the warehouse reduces or eliminates the need for manual labeling and the costs associated with dedicating resources to perform that task. Automating labeling processes enables organizations to reallocate resources to higher-value tasks. It also reduces the risk of improperly placed labels that can cause supply chain bottlenecks or automated product rejections that lead to manual intervention and costly workaround or downtime.

8 **Reduce warehouse labor turnover.** It costs money to train employees, so you want to keep the ones you have. That means you need to motivate employees to keep them satisfied. This can involve monetary incentives, employee recognition, or special perks for great performance. Employee retention leads to a reduction in costs associated with hiring replacement workers, managing downtime for missing staff, or retraining of warehouse employees.

9 **Optimize your wireless system.** Evaluate the applications you have automated, the ones you intend to, and the information they capture. Then look for opportunities to leverage that information to further streamline activities and increase productivity in other areas of your operation. It may be possible to simplify routine tasks such as goods restock or management activities including maintenance scheduling because you are already capturing inventory information or equipment status for other purposes.

10 **Centralize software updating and training.** Workers standing around with nothing to do are the worst kind of labor cost. Updated and in-sync remote and handheld devices can prevent this. Use remote device management to make certain all devices, in every location, load the latest software automatically when placed in their charging racks. You can even use a device management platform to remotely train users on new software, walking them through simulations of new features and applications without having to schedule special training.

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— Chris Withers, Southwestern Motor Transport

“**While working to control fuel costs, Cheetah has enabled us to better utilize our manpower and equipment resources, giving us more stops per man-hour**”

— Clete Cordero, VP Operations Benton Express

“In **just our first week,** productivity increased and our drivers were driving less miles per day.”

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“While working to control fuel costs, Cheetah has enabled us to better utilize our manpower and equipment resources, giving us more stops per man-hour”

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Raisin to Believe

Although Melanie Foster has lived in California’s Sacramento Valley all her life, her influence reaches around the globe. As distribution and transportation manager for Sunsweet Growers Inc., she is one of the people responsible for making sure that much of the world’s supply of prunes and other dried tree fruits reaches customers.

“I handle all the contracts, compliance reviews, and inventories for our public warehousing operations,” says Foster, who reports to Sunsweet’s director of supply chain. With two direct reports—a transportation coordinator and a public warehouse coordinator—she develops strategic relationships that guide the movement of product from processing facilities to storage and out into the market.

A grower-owned cooperative with about 400 members, Sunsweet represents more than one-third of the worldwide market for prunes, processing approximately 50,000 tons each year. It also produces dried cranberries, apricots, and other fruits. Along with the dried fruit processing plant at its Yuba City, Calif., headquarters, Sunsweet operates a juice bottling facility in Fleetwood, Pa., works with co-packers, and supplements its production with some imports.

Foster has seen a lot of fruit up close since she started with the company in 1989. “For the first six years of my life at Sunsweet, I dried prunes,” she says. As manager of the dehydrator in Yuba City, she also doubled as a field representative, visiting farms to get an idea of how much fruit they would be able to deliver.

Foster moved into logistics when,
So does the occasional labor crisis at the ports – most memorably, the West Coast lockout of 2002, when Sunsweet had to find alternative ways to get its products to overseas markets. Not only couldn’t it load freight onto ships in Oakland; the company couldn’t even get its fruit to on-port rail terminals to ship it to the Port of Houston. “We trucked the fruit to a port or container yard in the Midwest that would put it on the train,” she says.

Fortunately, these measures saw Sunsweet through the crisis. “We were able to work around most of it,” she notes.

looking for a change, she took a job as a supervisor in the shipping department. While there, she made her mark as a champion of electronic information.

“When I joined the shipping department, they used a computer only to generate bills of lading,” Foster recalls. She started creating spreadsheets to replace other paper documents.

Two years later, she moved up to shipping manager. “I managed the dock crew and office crew,” she says. “I also scheduled trucks, and if it came to throwing cases of fruit, I did that too.”

When Sunsweet moved its headquarters from Pleasanton, Calif., to Yuba City, Foster accepted a promotion to her current position. Instead of dealing with day-to-day freight moves from one facility, she became responsible for Sunsweet’s company-wide strategic relationships with transportation and warehouse service providers.

That meant learning the ins and outs of intermodal and international transportation. “Every year we face a different challenge,” Foster says. Competition for capacity, which pits Sunsweet against shippers of fresh fruit and seasonal merchandise, poses one challenge.

To get started, go to inboundlogistics.com/rfp
Traffic at the nation’s major retail container ports dropped below last year’s levels late this summer, and the peak monthly volume for 2007 is now expected to fall slightly below last year’s peak, according to the National Retail Federation and Global Insight’s recent Port Tracker report.

“These figures reflect the weakened U.S. economy and retailers’ cautious outlook for this year’s holiday season compared with last year,” Global Insight economist Paul Bingham says. “A slower economy means fewer imports, and that means fewer containers coming through the ports. The good news is that lower volume means the ports are free of congestion and that the goods coming in should move smoothly all the way from ship to shore to store.”

Given these circumstances, smart retailers are planning their inventories carefully to ensure they properly match supply to demand and eliminate overstocks.

Surveyed ports were expected to handle 1.52 million TEUs of container traffic in August, a figure that would have broken the record high of 1.51 million TEUs set in October 2007, which was also the peak monthly figure for that year. Actual volume, however, came in at 1.46 million TEUs, up 1.5 percent from July but down 1.4 percent from August 2006.

September 2007, which was expected to tie September 2006 at 1.48 million TEUs, is now estimated at 1.46 million, down 1.9 percent from a year ago.

October is traditionally the peak month of the year as retailers rush to stock shelves for the important holiday season. This October was previously forecast at 1.54 million TEUs, but is now forecast at about 3,300 TEUs short of last year’s 1.51 million total.

Following this trending, the report has revised forecasts for the remainder of the year with anticipated volumes to miss the mark on previous estimates, but still match or surpass 2006’s end-of-year volumes.
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Customer-Driven Intelligence
Key to Retailer Success

Savvy retailers know the importance of keeping track of consumer signals to best align and streamline inventory strategies and manage their global supply chains from demand to supply. But new data from RSR Research indicates that companies can drive even greater value within the enterprise by properly sharing and disseminating point-of-sale data. This enables retailers to understand what products sell where and when, but also who is buying them.

Businesses have been collecting consumer data for years, but this level of information has historically been unavailable to the enterprise according to RSR Research’s report, *The Next Generation of Business Intelligence: Driving Customer Insights across the Retail Enterprise*. Its findings confirm that using customer-driven business intelligence to inform assortment and space planning processes is a key component of retail success.

“Now, retailers see the collation of this information as a means to respond to rapid changes in consumer demand, improve the relationship between the products they sell and the consumers that buy them, improve the productivity of the merchandise they sell, make better choices in opening new stores, and provide consumer-relevant differentiation from their competitors,” the report states.

Gathering and analyzing customer and product information at point of sale empowers retailers to drive efficiencies elsewhere in their operations. The report highlights three ways this visibility can open new opportunities for improvement and create competitive advantage:

- Retail winners tend to view their greatest opportunities in taking the steps to drive customer retention, while all other respondents just focus on customer retention as an end, losing sight of the steps required to achieve that retention.
- Smaller retailers see opportunities in improving the trajectory of new store openings.

Joe and the Giant Pumpkin

Project logistics often takes transportation and logistics service providers beyond the norm to meet customer needs -- for example, the middle of a North Scituate, R.I., pumpkin patch. When champion pumpkin grower Joe Jutras recently harvested a Guinness Book of World Record pumpkin, weighing 1,689 pounds, and a few other smaller specimens (1,402 pounds, 1,352 pounds and 1,302 pounds respectively), his biggest problem was figuring out how to transport the pumpkins to storage.

With Jutras’ pumpkins having outgrown traditional tripod and winch methods of movement, he turned to Cardinal Logistics Management. With much care, the Concord, N.C.-based third-party logistics service provider lifted the record-breaking pumpkin and the rest of the harvest by harness, secured them on pallets, and loaded them on a flatbed for transport to a storage facility. The entire harnessing and loading process took three hours, and was easy as pie.
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In general, retailers selling fast-moving consumer goods tend to lag behind general merchandise and apparel retailers in using customer data to drive top-line improvements. Instead, to their detriment, they continue to focus more on cost-saving measures. The convergence of product and customer information therefore shows great promise for improving efficiency. A far higher percentage of retail winners have embraced the use of customer-driven business intelligence to inform their assortment and space planning processes, while average and poor performers lag significantly in this usage of data.

For more information on this report and how emerging technologies are facilitating point-of-sale data capture across the retail enterprise, go to: www.retail-systemsresearch.com/_document/summary/252

Lean Manufacturers Growing Out

Businesses engaged in lean logistics strategies aren’t satisfied by silo success, with 41 percent of manufacturers five years or more along with lean initiatives indicating they are in the process of extending these practices beyond the four walls are becoming more tangible. The pressures and advantages of growing lean concepts throughout the supply chain, and the true path for operational excellence: being agile and responsive to the customer.

“As lean moves from the plant floor to the supply chain, it becomes more difficult to orchestrate activities without automation,” says author Maura Buxton, a manufacturing research analyst for the Boston, Mass., research group. Issues of maintaining visibility for customers and suppliers and standardizing practices are driving more manufacturers to adopt technology solutions, with 60 percent of companies strengthening core ERP, 56 percent investigating supply chain management solutions, and an additional 32 percent evaluating supplier relationship management solutions.

In terms of organizational strategies to foster lean processes throughout the enterprise, the report reveals that better-performing companies are achieving success by:

- Striving for agile, same-day manufacturing execution capabilities with minimal variability in order to meet real customer demand.
- Including major suppliers, customers, and partners as part of the audience during the transition to lean concepts, both in production operations and as they are deployed across the supply chain.
- Integrating IT applications for synchronized business processes that connect customer demand to business execution.

Driving Lean Benefits Across the Supply Chain

The pressures and advantages of growing lean concepts beyond the four walls are becoming more tangible.

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<td>Reduce operating costs</td>
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<td>Customers demanding shorter order cycle times</td>
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<td>Competitive advantage in price and service</td>
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<td>Customers demanding reduced prices</td>
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Source: Aberdeen Group

Throughout the supply chain, according to a recent Aberdeen Group Lean Supply Benchmark report. The quantitative study polled nearly 300 companies, including W.E.T. Automotive, TRW, Harley-Davidson, Caterpillar, and Coca-Cola.

More than 60 percent of best-in-class companies from the study are coordinating lean efforts throughout the supply chain, and focusing on the core tenant of lean process improvement.

H2Diesel Holdings has named David H. Goebel, Jr. vice president of global sourcing and supply chain. In his new role, Goebel is accountable for all aspects of the company’s supply chain activities including the development of commodity vegetable oil feedstock supply arrangements, transportation and logistics contracting, and the overall administration of procurement processes. He previously worked at MeadWestvaco, a packaging solutions and products company, as the acting vice president, supply chain/director of customer service.

Horsham, Pa.-based Tube City IMS Corporation, a steel procurement and scrap management company, has selected Simon Golding as vice president of logistics and related business. Golding has more than 24 years of experience in transportation and will be responsible for various logistics service programs and initiatives related to the company’s expanding global presence. Prior to joining Tube City, he managed the logistics departments at ArcelorMittal and ThyssenKrupp.

In-home movie and game entertainment company Blockbuster Inc. has appointed David Podeschi to take over as senior vice president, merchandising, distribution, and logistics. With more than 30 years of experience in the retail industry, Podeschi most recently served in the same capacity at 7-Eleven, where he was responsible for all merchandising, marketing, and supply-chain processes for the convenience store company.
**Freight payments a puzzle?**

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2. Does the solution process include both domestic and international payments?

3. Will you be able to track freight costs at the SKU level?

4. Will you eliminate 100% of paper invoices?

5. How do your carriers feel about the solution?

For the other five questions you should be asking, call us at 800-925-4324 or visit us at www.powertrackglobal.com/5questions.aspx

Freight payments shouldn't be a puzzle.
Some of the highest growth rates were in the Nordic region, where Finland in particular has benefited from increasing trade with Russia and is well on its way toward positioning itself as a gateway to fast-growing markets in the East.

Expansion in more developed markets, however, was slower. In Germany, low domestic demand resulted in below-average growth despite buoyant imports and exports. Contract logistics market drivers in Spain were reversed, with strong domestic consumption making up for relatively low levels of international trade, reports the UK-based think tank.

France’s contract logistics sector, by contrast, outperformed its overall logistics market as a result of an increase in outsourcing and demand for more value-added services. The Netherlands benefited from global trade due to its popular location for European distribution centers, although domestic demand was weak.

The report also finds no evidence to suggest that the UK’s strong affinity with the contract logistics sector will end soon. Above-average growth was
strongly influenced by robust international logistics activity, but domestic demand growth also played a role.

“On the whole, it was another strong year for the contract logistics industry in Europe,” reports John Manners-Bell, chief analyst at Transport Intelligence. “Most countries experienced solid growth, with markets at the periphery of the region enjoying the most significant development, albeit from a smaller base.”

Global Manufacturing Shows Strong Pulse

The world’s manufacturing community is alive and well and tipping the scales of optimism over the industry’s long-term prognosis, according to TBM Consulting Group’s fifth-annual Multinational Manufacturing Pulse report.

More than half of manufacturer respondents (56 percent) are optimistic about the year ahead and see many opportunities to gain market share through value chain improvements. Not to get ahead of themselves, just as many companies (59 percent) are concerned about cost pressures and their impact on overall productivity.

The survey polled 3,082 executives from mid-sized to large firms in six major manufacturing countries in the western hemisphere—the United States, the United Kingdom, Germany, Spain, Mexico, and Brazil.

While executives surveyed in the United States, the UK, Mexico, and Spain are optimistic about the future of manufacturing and envision many opportunities, respondents in Germany and Brazil are not as hopeful and expect more challenges in the coming year.

When asked to identify the greatest opportunities in the year ahead, manufacturers felt most optimistic about “value chain improvements” (70 percent), “new product development/innovation” (49 percent), and global market expansion, business improvement programs, and human capital (38 percent, respectively).

In thinking about the future, more than half (62 percent) of all manufacturers identify “cost pressures” as the main challenge for 2008, superseding concerns about “rising energy costs” (11 percent) and “quality issues” (23 percent). Additionally, more than one-third of respondents cite “people issues” as a potential source of angst over the next year.

“Our cost pressures are always on the minds of manufacturers, this year’s survey reveals a heightened concern,” says Anand Sharma, CEO of TBM Consulting Group. “To compete in the global economy, leaders in these countries are under increased pressure to find innovative ways to manage the cost of doing business. By concentrating on value chain improvements, companies can sustain profitability and become nimble at responding to changes and opportunities in the marketplace.”

The majority of manufacturers (91 percent) report productivity gains over the past year and identify lean process improvement as the leading source of increased efficiency. Conversely, nearly one-third of survey respondents point to a “lack of innovative thinking” as the greatest obstacle to increased productivity, with 72 percent reporting they are “somewhat satisfied” with their company’s level of innovation. Critical to pushing forward process improvement initiatives is empowering the workforce with necessary resources and motivation.

“The value of human capital to an organization should not be underestimated or overlooked. There should be

Menlo Goes 3PL Chic in China:

Following in the path of its summer purchase of Cougar Holdings Pte Ltd., a leading 3PL with operations in Singapore, Malaysia, and Thailand, Menlo Worldwide has again expanded its strategic footprint in Asia. It recently acquired Shanghai-based Chic Holdings and its wholly-owned subsidiaries Shanghai Chic Logistics Co. and Shanghai Chic Supply Chain Management Co. The acquisition expands the San Mateo, Calif.-based 3PL’s operating presence and service capabilities in China with an additional network of more than 1,500 employees working from 130 operating sites in 78 cities across the country. The new operating unit provides a wide range of domestic third-party warehousing, logistics, and transportation management services throughout the country.

A New European Adventure for Odyssey:

Meanwhile, across the Eurasian divide, Odyssey Logistics and Technology Corporation is making introductions in Antwerp, Belgium, as it begins extending its logistics outsourcing services to North American clients and expanding its service offerings to the European market. The move gives Odyssey an opportunity to provide a global logistics solution that integrates technology, people, and process with worldwide coverage.
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continuous awareness of the state of the workforce and its level of engagement, empowerment, and integration,” says Mike Serena, managing director, TBM LeanSigma Institute. “Today, a toolbox full of techniques in the lean factory can activate and compel workers. By encouraging all workers to think, eliminate waste, and find ways to contribute and add value, companies will be able to create a compliant, fully engaged workforce.”

Setting Sites Nearshore

Time is relative unless you ship or receive time-sensitive goods. Inevitably the challenges of coordinating and streamlining offshore delivery centers with stateside distribution networks can cause major headaches for companies trying to manage product recalls, shaky service-level management, or process immaturity.

One way to alleviate these growing pains is by better aligning and timing where companies locate offshore facilities.

Global businesses are beginning to recognize the importance of interspersing locations across the three major time zone windows – the Americas, EMEA, and Asia – according to a recent report by AMR Research, *Time Zones Do Matter: Rediscovering the Americas and Nearshore Delivery*.

Among the advantages to this “divide and conquer” global approach:

- Nearshore dramatically reduces the risks associated with offshore, as dispatching and managing tasks in the same time zone can often be more forgiving.
- Geopolitical and operational risk diversification is key in an ever-changing global climate.
- Nearshore and remote domestic delivery are best suited for serving the broadest possible array of corporate functions.
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You might worry about outsourcing your company’s entire supply chain—not enough control, too many unknowns, not worth the risk. But you can focus 100 percent of your attention on your core business functions and still keep a close connection with your supply chain through co-sourcing, a custom-tailored system designed to provide the logistics and supply chain services your company needs.

Successful supply chain management is a series of structured and established tactical maneuvers. A great deal of operational savvy is involved in forecasting inventory; managing the picking, packing, and shipping functions required to distribute a finished product; shipping a replacement part; or processing a return from a retail store or consumer. The decision to keep these functions in-house or contract with a third-party logistics provider (3PL) is entirely strategic and can dramatically impact any organization’s bottom line.

**BEST OF BOTH WORLDS**

Companies can get the best of both worlds by co-sourcing with a 3PL rather than keeping supply chain functions entirely in-house.

By co-sourcing, companies gain access to more advanced supply chain technology than they might be able to experience or maintain if all services were kept in-house. Many 3PLs leverage warehouse automation to meet the growing demands and shrinking timeframes customers expect of them. They are required to handle products of varying sizes and weights, with different packaging and kitting needs. By using the latest technology and synchronizing business processes with customers, 3PLs can maximize speed and service quality.

**ONE COMMON GOAL**

The concept of co-sourcing is best defined as putting together a group of service providers who are all working toward achieving one common goal. Bringing multiple service providers and their core competencies together to provide a total, comprehensive supply chain solution saves companies money, time, and the effort needed to obtain the necessary resources that ultimately lead to customer satisfaction.

Co-sourcing differs from outsourcing by having multiple procurement points already in place; outsourcing typically involves a single provider in only one or two facilities. Co-sourcing allows an organization to benefit from using numerous providers with the same products. When outsourcing to a 3PL, all supply chain functions are centrally controlled.

A company that is expert in many areas might still have a few weak links in the supply chain. Co-sourcing can strengthen those links by providing the expertise that is lacking.

It is not uncommon for 3PLs to use a co-source relationship with each of its clients. When co-sourcing with a client, the 3PL’s tasks include searching or shopping for the item being requested, purchasing the item, shipping it, then billing the client.

**CO-SOURCING IN ACTION**

For example, a 3PL may work with several major repair parts manufacturers and distributors. For these customers, the 3PL uses a technology-based virtual distribution system with centralized order processing and data management based on each company’s business rules. This automated, non-traditional approach can consolidate and centralize a company’s repair parts supply chain functions for carry-in repair facilities, while allowing the execution of parts distribution to remain flexible and decentralized.

All communication can take place
There’s something about fragile shipments that fate finds extra tempting.

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automatically through File Transfer Protocol (FTP). Throughout each day a company can transmit to the 3PL a list of parts needed. The 3PL can then send the list to multiple vendors, in a parts “RFP”, several times daily. These suppliers respond to the request with price, availability, and part location.

Using the business rules established by each company, the system can automatically choose a supplier based on the best combination of price and delivery speed. A purchase order is then created and transmitted to the supplier. The supplier is able to ship the same day directly to the company’s repair facility. From order to invoice, the entire process can take just minutes and thousands of transactions occur each day.

Another benefit of working with a 3PL is vendor management. Organizations that keep supply chain services in-house must deal with dozens, if not hundreds, of suppliers to manage the availability, price, and geographic requirements of meeting customer demands. When co-sourcing with a 3PL, there is only one relationship to manage.

**ACCURACY AND CONTROL**

Companies considering outsourcing logistics should focus on delivery and information accuracy. They should also be able to maintain a level of control over their supply chain processes without having to micromanage the 3PL.

It is time for a company to turn to co-sourcing with a 3PL when it no longer has the resources or core competencies to provide customers with the services and flexibility they require.

By co-sourcing a portion or all of their supply chain, organizations can focus on what they do best, while benefiting from the 3PL’s specialization and best practices gleaned from other clients. Supply chain management is a critical function of any business. To be successful, 3PLs and their clients must work together as honest partners, focused on accomplishing goals together – two companies that function as one.
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Technology Collaboration Enables Visibility and Security

Complete Document and Shipment Visibility (CDSV) is a concept that enables trading partners to have 100-percent visibility to the condition, status, and location of international shipments in a paperless environment.

The concept allows shipment stakeholders to know the exact status of inventory and finished goods in the pipeline. CDSV also contributes to eliminating supply chain inefficiencies and security risks inherent in current cross-border transactions.

CDSV is made possible by combining the power of an intelligent gateway to handle shipment documentation with a secure trade lane capable of sensing and alerting supply chain partners regarding events related to a shipment.

DATA FEED

The process begins with data. An Intelligent Document Gateway (IDG) automatically analyzes documents and extracts their data. It then integrates that data with external systems while simultaneously improving document processes to achieve cost and labor savings for each transaction. An IDG eliminates latency by extracting, notifying, and routing real-time data and business rules to back-end databases.

The process is characterized by a centralized content manager, “Document Work Basket”, which provides partners with the ability to both see the documents and add new documents to the repository when needed.

COORDINATING DATA WITH DOCUMENTS

An IDG, housed at a centralized location, provides document meta data extraction, classification, and conversion. Documents are added to the work basket directly from a host system or workstation, scanned using a multifunction device/printer, fax, or e-mail. This transformed process enhances a company’s ability to coordinate the movement of transactional data in logistics and import systems with the physical documents that must accompany the goods by providing process visibility to all partners.

CDSV also adds increased security to global shipments. A Secure Trade Lane (STL) solution has two primary functions. The first is to track a sea, land, or air shipment and ensure that once the shipment is secured an unauthorized party cannot open it. The second is to transform outdated business processes.

Here’s how it works. A Tamper-Resistant Embedded Controller (TREC), a device about the size of a shoebox, is placed on or in the shipping container. The device can be outfitted with almost any type of sensor including motion, temperature, light, radioactivity, or carbon dioxide.

Thanks to an integrated GPS transceiver, supply chain partners can pinpoint the location of goods in transit. The TREC’s built-in satellite modem communicates to a home base according to pre-specified business rules or events that trigger an alarm condition.

ENSURING SECURITY

Due to increased concern regarding international shipment security, the STL’s second function is a game-changing play for the logistics industry. Once a shipment departs a manufacturing...
facility it changes hands many times so it is difficult to ensure security through its journey.

A TREC device guarantees that a shipment is not tampered with and that its contents are equal to what they were when the shipment departed the manufacturing plant. This knowledge eliminates the need for physical inspections at ports and reduces the false alarms so prevalent in the industry today.

Thanks to the TREC and the backend systems used to support it, retailers relying on a large network of warehouses to temporarily store goods can take full advantage of the visibility the STL system provides. Retailers may use this visibility to treat their pipeline inventory as virtual warehouses because they can pinpoint the exact location and condition of their goods.

WHY DO WE NEED CDSV?

CDSV combines the document visibility provided via an IDG with the power of an STL solution to create visibility to physical goods. These two technologies enhance supply chain visibility and security as a result of technology collaboration. Together the technologies represent a powerful, proactive tool that can change the way the world runs its trade operations for years to come.

By providing visibility to the documentation and physical status/location of goods, CDSV helps supply chain stakeholders achieve the following benefits:

- Eliminate plans to X-ray all containers and shipments coming into a country.
- Provide complete visibility to physical goods.
- Make it possible to realize a true “virtual warehouse.”
- Offer real-time monitoring of freight.
- Provide secure cargo transport.
- Allow supply chain partners to notify customers ahead of time that a shipment delivery will be delayed or missed.
- Eliminate the need to print paper copies of the documentation associated with the shipment.
- Create visibility for all entries into the importing country.
- Reduce the number of days required to solve import exception issues.

Plans to pilot CDSV are underway with trading partners and a customs agency. Involving a customs agency and a trading partner in the pilot enables institutions to prove efficiency gains from a supply chain perspective with the trading partner and from a security perspective with customs officials.

Thanks to technology collaboration CDSV is a proactive, realistic approach to enhancing supply chain visibility and security.
A workplace culture can be productive or disruptive, profitable or unprofitable. It is up to management to decide—or allow someone else to define a company’s culture.

The United Nations defines culture as a “set of distinctive spiritual, material, intellectual, and emotional features of society or a social group. It encompasses ways of living together, value systems, traditions, and beliefs.”

So how can you build a healthy, collaborative, and profitable culture at your business? By following this step-by-step process:

**STEP 1: Define your culture to realize the opportunity.** What kind of culture drives your organization? This step requires a clear-eyed look at how your people view themselves, how they view each other, and how they view the organization. Ask these questions:

*Can an investment in improving your workplace culture improve profitability?* Identifying the impact of your labor costs allows you to more effectively invest in your people.

*Do you have the right team?* Unfortunately, not everyone can be expected to buy into changing a workplace culture.

*Is your leadership team ready and able to change?* A willingness to work and to be flexible is important in your leadership team.

*Are you personally willing to fail?* You can’t expect everyone to change their way of working, communicating, and collaborating while you keep your own habits. This means trying toward a performance-based culture is measured in months and years, not days.

**STEP 2: Identify the tools for your plan.** To realize a performance-based workforce, you need both a plan and the tools to complete it. Before you start seeing floor planks, you should proba-

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**Countdown to Culture Change**

1. Identify your core values.
2. Develop a vision and/or mission.
3. Work to build the right team. This is about finding the right people to achieve your mission. Start at the top and hold each and every level accountable.
4. Rely on experience and learning from the past to mold the future. Staying humble and being fearless about asking for advice allows everyone’s experience to drive and enrich your business.
5. Communicate to educate. Every time you interact, you have an opportunity to reinforce your culture, values, and mission.
6. Evaluate to improve performance. Specific dates and measures allow you to review the state of your workforce culture.
7. Commit to having fun.
A good tactical start is making sure your efforts are visible. Use technology to your advantage by sending e-mail updates, putting messages on pay stubs, and setting up information centers to keep everyone in the culture loop.

You should also keep track of relevant metrics and have available a dashboard that keeps everyone aware of the progress made. Cost accounting is a useful metric and its progress should be monitored throughout the organization.

By setting achievable goals and rewarding people who attain them, you can stretch the competencies of your workforce. Paying for performance means building bridges between the workforce and the bottom line.

**STEP 3: Implement your plan for a performance-based workforce.** The first move to make is to closely tie your incentive plans to your core mission. Identify Key Performance Indicators (KPIs) such as service, quality, sales, cost, and safety or some combination of these. Monitoring KPIs allows you to use metrics to convert performance to profitability and to reward appropriately.

Next, decide how you’ll disburse incentives. Should you reward individuals, teams, or a combination? What pay-out frequency would be most effective?

Last, but absolutely not least, make it fun! You know your people. Let them know it by finding creative ways to make this challenge fun. Keep it personal and don’t be afraid to look silly.

People won’t remember what you said or did, but they’ll never forget how you made them feel.

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Every day, *Inbound Logistics* readers are challenged by the rapidity of change in the industry and the complexities of globalization. To help, we have created a compendium of best logistics practices designed to fulfill your need for up-to-date, practical information. We will incrementally build a library to address logistics, transportation, supply chain management, and related technology challenges.

The next seven installments appear on the following pages:

- 36 How to Tackle Mission-Critical Logistics in an Emerging Market
- 38 How to Select an Ocean Carrier
- 40 How to Streamline Import Documentation
- 42 How to Find The Right Outsourcing Solution
- 44 How to Outsource Retail Logistics
- 46 How to Use Transportation Metrics To Drive Profit and Service
- 48 How to Locate a Contingency Port

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

What specific “how-to” would you like us to cover? Let us know: editor@inboundlogistics.com.
Mission-critical logistics in the United States is manageable; acceptable in Western Europe; and nearing acceptability in maturing Asian markets, yet still manageable. In emerging markets such as Latin America, service parts logistics is incredibly immature. Businesses looking to grow in these areas must balance the risk/reward of supporting customers efficiently and cost-effectively.

Service parts represent the second-largest service operations expense after skilled labor. Therefore, optimizing inventory and satisfying customers from the beginning by ensuring the right parts arrive at the right time—and in the right location—is crucial to growing business and driving profitability. This requires a complete logistics infrastructure that links robust, integrated systems throughout the service parts supply chain.

In mature markets, businesses routinely look for ways to optimize and streamline their service parts supply chain to reduce costs and drive efficiency. This requires a responsive and efficient pipeline that can scale part supply to manufacturing demand on the front end, and accommodate customer service demand with aftermarket support and reverse logistics processes on the back end. This integrated, end-to-end supply chain through the entire lifecycle of the finished good is critical. Ensuring process and technology are properly aligned and connected to communicate mission-critical information and visibility between parts suppliers, manufacturing sites, customers, and field service facilities is no small task.

Imagine the difficulties in emerging markets, where manufacturing and distribution capacity is constrained by geography, transportation and logistics sophistication, government regulations, and protocol. The challenges of creating an efficient and responsive distribution network that can deploy mission-critical service inventory so that the bank’s mainframe remains operational and the 911 telephone switch remains functional 24/7 are great. Without this internal infrastructure, typical overnight transportation services and other “standards” we expect don’t exist. Businesses often build expensive inventory buffers into their supply chain to offset potential bottlenecks in matching supply to demand; or seek outside consultation simply to identify the problems and pitfalls they need to consider, then avoid.

**KNOW YOUR OBJECTIVES:** Sometimes businesses open new markets after all the challenges have been considered, perhaps following a customer lead. Manufacturers need to be wary of whether the economy of scale in a new market can expand to support long-term growth needs. New markets don’t have infrastructure and service support density, so initial costs per transaction will be high. Businesses need to be mindful of how they intend to push product to market as well as handle the reverse flow of parts for repair and refurbishment. Will the expense of doing business outweigh the potential reward?

**KNOW WHAT TYPE OF PRESENCE YOU WANT AND WHO WILL HELP SUPPORT YOUR ACTIVITIES:** Businesses need to consider who will assume fiscal responsibility and take ownership and liability for product. Who will be the importer of record? Will you register with an in-country agent to act on your behalf and facilitate contact and interaction with local authorities?

**UNDERSTAND THE TOTAL COST OF TRANSPORTATION AND LOGISTICS:** Manufacturers need to perform necessary due diligence to understand the forward and reverse transportation requirements to meet customer service needs—both to and from market as well as within. Potential tax and tariff ramifications of moving a product into a new market as well as documentation to accommodate shipments within the country also need to be considered. Will taxation of product be more than the product itself? Will it be worth sending a product out of country for repairs and support?

**THINK BACKWARD:** Consider how you will support product and components in the aftermarket. How and where will you repair parts? How will you consolidate returns? How will you return product to market to ensure tax breaks? Given these difficulties, businesses may be inclined to leverage the expertise of a company that specializes in providing these services on a global basis.
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How to Select an Ocean Carrier

Ocean freight buyers are often limited by the geography of their offshore suppliers/manufacturers and stateside customers and the urgency of the shipping season when they consider making changes to their carrier networks. But there is always room for optimization. Shrewd logistics professionals periodically research and take advantage of new carrier products or changed services to leverage improvements. As the global tide continues to break over new manufacturing and logistics markets and ports of call, and cargo flows shift currents into emerging trade lanes, ocean freight buyers are awash with options and avenues for matching supply to demand and meeting customer needs.

While speed, capacity, and cost are top priorities for ocean shippers, navigating the minutiae of carrier selection can help unbundle less-visible economies and efficiencies. Shippers that are proactive in vetting potential carriers can develop partnerships that address their cargo’s specific needs, leverage services and networks to streamline their supply chain, and conceivably grow their business globally and domestically.

**BEFORE YOU CHANGE COURSE**

- **FORECAST DEMAND.** Before identifying possible carrier partners, shippers need to identify where their customers are and will be, and where offshore supply is coming from or migrating to. For example, a company sourcing product from Asia, but considering Eastern Europe as an alternative for moving product to the U.S. East Coast, should consider negotiating an extended contract with a carrier serving both Trans-Pacific and North Atlantic trade lanes.

  Regardless of the lane in which you ship, the total cost will be impacted by the frequency of shipments with a particular carrier. Appropriately forecasting where demand will be and how much capacity you will need can help in negotiating longer-term contracts at “discounted rates.”

- **SAILING FREQUENCY.** Finding a carrier that offers multiple sailings in a particular trade lane provides greater flexibility in aligning offshore production schedules, capacity needs, and time requirements with available transportation. This way shippers can receive raw materials or product over different days, ship goods to market as demand dictates, and avoid shipment delays and associated costs.

  Savvy shippers can similarly leverage a carrier’s service frequency to circumvent unnecessary carrying costs and better manage the flow of product through the supply chain.

- **INLAND TRANSPORTATION.** Responding to growing customer demand and emerging logistics hotspots, ocean carriers routinely add new ports to their scheduled rotation. Cost-conscious shippers can look closely at their cargo’s final destination to birddog alternative routings. In each lane, a carrier generally has a certain number of base ports, and shipments moving from base port to base port will always prove to be a more economical option.

  Importantly, shippers and consignees should evaluate stateside distribution capabilities from partner ports to inland DCs to devise better strategic means for moving product to market.

- **COMPARE INFORMATION.** Ocean carriers increasingly post services, schedules, equipment, and rates on their Web sites. The Internet is a good place to begin matching potential carriers with your requirements.

- **DATA SUPPORT.** EDI or Web/Internet-based data to capture key events need to support the cargo owner’s supply chain system.
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Businesses continue to turn to offshore manufacturing locations and strategic global outsourcing partnerships to exploit cheaper production and labor costs. Often lost in the process, however, is the value global businesses can extract by capturing data deeper in the supply chain to scale inventory demands with capacity, rationalize costs, and manage exceptions when and where necessary.

Not all businesses are equipped with the processes and technologies to accomplish this and the vine for picking has ripened. If the U.S. government has any say, shippers and carriers will soon be required to communicate more than just the standard Automated Manifest System (AMS) shipment information to Customs authorities before ships and airplanes depart foreign countries.

When complying with U.S. Customs’ AMS, shippers have everything to gain by reusing and integrating data generated at point of origin. Consignees, for example, can work collaboratively with overseas agents to capture their AMS data feeds and leverage this information to populate data further along the pipeline—thus eliminating redundant data entry.

Moving forward, U.S. Customs’ “security filing 10+2” proposes to expand the AMS protocol and require consignees and carriers to provide nearly 100 percent of import documentation data prior to shipment transport. With such compliance comes greater opportunity for shippers and consignees to automate documentation and streamline processes. Among the potential advantages, companies can:

- Receive faster identification and release of low-risk shipments through interfaces with Customs Cargo Selectivity system, In-Bond system, and Automated Broker Interface (ABI).
- File or amend manifest or bill of lading data electronically.
- Establish electronic links to common carriers and auxiliary services.
- Receive status notification when an entry has been canceled or deleted.
- Receive cargo status and advance notice of General Order (GO) eligibility.
- Receive notice of other government agency holds.
- Receive exam notification.
- Reduce paper costs.
- Electronically interface with other agencies.

While U.S. authorities may soon mandate shippers and consignees to share this information, thereby forcing compliance, businesses should proactively look at streamlining inbound shipment documentation to better integrate with offshore partners, drive visibility, manage variability, and further reduce costs.
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As the rules of engagement for operating in a global world continue to shift and expand, businesses increasingly find that the myriad pressures of running a core business do not lend themselves to doing all things well. In the interest of doing what they do best and providing customers with the service level they demand, outsourcing has become both a change agent and a competitive differentiator for many companies.

Still, the complexity of global outsourcing and the multitude of logistics solutions providers courting your business can make the process of finding a partner capable of engaging supply chain stakeholders and customers as an extension of your enterprise a daunting task.

Finding the appropriate logistics solution and service provider requires a collaborative and thorough search that matches your current and future growth agendas with a partner that is attuned to your needs.

How to Find The Right Outsourcing Solution

Determine the validity of outsourcing your logistics needs based on your current systems and business model. Identify the type of function you want to outsource by defining your need—whether it is transportation, freight bill payment, customs clearance, or all of the above—then drill down the specifics for each function. So if you are outsourcing transportation, what modes and services will that include? Make sure you know who your 3PL candidates are and whether they have the capabilities to meet your needs.

Decide on a list of mandatory components an outsourcing solution must provide. If your intention for outsourcing is to leverage a third-party’s technological capabilities, make sure you understand your IT needs and whether the solution provider has the flexibility to grow with your business. Also consider visiting the service provider’s facility to see people using the solution on their turf. Define your requirements: do you want a 3PL to provide on-site personnel? Will it integrate its technology with yours? If not, how much access will you have to its technology? Creating a checklist of your solution needs will enable you to cut through the list of outsourcing providers quickly, without wasting time on vendors who cannot provide exactly what you need.

Create a list of four to five outsourcing solutions as potential vendors. Following the first two steps, outsourcers should be able to pare down to four or five favorable candidates pretty easily. Don’t always think bigger is better. If technology is involved make sure you see a Web demonstration and, where possible, talk to existing customers and ask for references.

Once you have narrowed your list down to two or three companies, once again compare potential vendors. Keep in mind pricing models and estimated roll out/implementation schedule. At this stage in the process make sure that you aren’t just speaking with salespeople, but also interacting and asking questions of the operational people who will be tasked with managing your outsourcing functions.

Determine the right partner and help implementation run smoothly. Choosing the right solution is one thing, making sure the implementation occurs without undue problems is another. A 3PL will often be selling to a CEO or CFO, but once the executive signs off on the agreement, the onus is then placed on logistics personnel to follow through and facilitate the arrangement. Without proper communication, the corporate culture may feel threatened by the presence of a third-party provider and resist change. Make sure a proper transition process is put in place and that C-level management, operations, and the outsourced logistics provider discuss the roll out, its value, and how the integration will unfold. This way you can ensure there are no surprises and everyone understands what is happening and why.
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How to Outsource Retail Logistics

Retailers are well attuned to the changing dynamics of consumer buying habits and the strategies necessary to ensure their supply chain can match inventory to demand. But ensuring product is staged in the right places at the right times is only part of the challenge; engaging the eye of the captive shopper with strategically placed product displays and storefronts keeps inventory moving and business growing.

Retailers intent on maintaining or gaining competitive market share are constantly looking for ideal locations to open new store fronts as well as remodeling existing locations with new fixtures and display cabinets, fitting rooms, and service areas. They might also introduce revised branding schemes through updated floor coverings, wall décor, and signage. The retail outlet is a revolving door spinning to the whim of customer preference and convenience.

But managing retail fixture movement presents an entirely different supply fulfillment paradigm—one that doesn’t necessarily integrate with general merchandise flow because of greater variability and the special care required in delivering, then setting up fixtures and displays.

Businesses typically include fixtures in their interior store designs, which are drafted by store planners, designers, or architects. These blueprints may then be shared among numerous parties (real estate, construction, consultants, public relations, and advertising) in addition to the vendors and transportation providers charged with managing the delivery.

With so many non-transportation vendors involved in the process, the number of variables increases dramatically as retailers consider necessary due diligence for moving forward with a retail logistics project: “What carrier/provider do I use?”; “What market rates for capacity are available?”; and “How do I handle fixture inventory from production to installation?”

Getting a new retail outlet up and running requires a collaborative effort that often leaves retailers outsourcing project management to third-party intermediaries. From providing “pop-up” warehouse space to locating carrier capacity, outsourcing retail logistics can be a big sell for growing businesses.

Core carrier programs and routing guides are typically the culmination of a joint effort between a retailer and a carrier to analyze historical shipping patterns and lanes, forecast future volume based on that analysis, and agree to mutual capacity and price commitments for a specified period of time. Many retailers use these programs on freight with “predictable” characteristics: order quantity, equipment requirements or restrictions, and origin points based on manufacturing or inventory location as related to customer demand.

The characteristics of “retail logistics” specific to new store openings, re-branding, and remodels are usually project-, geography–, and time-specific. As such, they are not necessarily predictable based on history and, to some extent, must consider the fickle consumer’s expectations.

The project-based activities inherent to retail logistics have extreme cost and time constraints that require service providers who can provide extraordinary service: night and weekend deliveries, specialized equipment, and “high-touch” product handling. As a result, retail companies may have to source providers from a completely different pool than their general merchandise freight.

Retail logistics projects also have unique warehousing and staging requirements. Fixtures are often made in a JIT or near-JIT environment, moved from vendor production floor to a cross-dock or warehouse space, then finally staged for store delivery based on a construction or remodel schedule.

Retail companies may choose not to route “fixture” freight through general merchandise channels, instead relying upon the expertise of service providers who can contract short-term warehouse space, assign dedicated resources for tracking and tracing, and select qualified carriers based on each project’s unique requirements.
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How to Use Transportation Metrics To Drive Profit and Service

How do you measure efficiency when you are already doing the best job possible? Talk to any over-the-road shipper that finds itself increasingly handcuffed by institutionalized transportation and fuel-related costs and it would likely tell you the “best job possible” doesn’t cut it anymore.

Invariably, that shipper may need to look outside its enterprise and consider outsourcing non-core transportation functions to a third-party intermediary or delegating more responsibilities to its core carriers to squeeze out hidden costs and further streamline its supply chain.

Outsourcing transportation functions can provide a more objective and relational context for understanding how transportation best practices can drive improvement elsewhere in the enterprise while simultaneously unbundling hidden efficiencies and costs in an otherwise tight market.

The sidebar below presents three problems and the strategic ways shippers, carriers, and 3PLs can work together to develop a methodology for tracking metrics, analyzing data, and setting goals – while creating a platform for continuous improvement.

...HAVING DIFFICULTY MANAGING EXCEPTIONS AND DELIVERY DELAYS

- Schedule routine operating meetings with your support team and on-site carrier manager to review your approach to creating a continuous improvement strategy. After examining basic solutions such as revised routing, and advanced strategies including altered delivery times to relieve delays, devise action plans for improvement.
- Use these plans to help change how and when you manufacture product as well as improve the transportation department’s standing in the eyes of the operations and sales teams. The transportation team is no longer told who and when to deliver product to; instead, the department works with customer service representatives and operations managers to plan its manufacturing schedule, leading to improved delivery times and volumes.

...FACING SEASONAL VOLUME DEMANDS AND HAS DIFFICULTY EFFICIENTLY SCALING CAPACITY TO DEMAND AND HOLDING CARRIERS ACCOUNTABLE

- Consider building better relationships with carriers by implementing key performance indicators (KPIs) to benchmark success. Carriers that don’t want to participate are likely not meeting set standards; those that are doing their job and meeting expected service requirements would value the extra due diligence and your recognition.
- KPIs benefit the carrier and the manufacturer by allowing both parties to accurately forecast seasonal demand peaks as well as track and ensure that all orders are delivered on time.

...GROWING BEYOND ITS MEANS, BUT STILL STRUGGLING WITH SERVICE AND COST ISSUES THAT ARE IMPACTING PRODUCTIVITY

- Consider looking at replacing a local carrier with a dedicated carrier that is empowered to manage the entire shipping process. Let the service provider take responsibility for tracking deliveries, setting delivery appointments, and directing load building to maximize trailer cube.
- Schedule regular meetings when the carrier can provide tracking data, as well as plans for increasing load volumes and better utilizing transportation assets such as drivers and equipment.
- Placing the entire onus on a service provider can help reduce transportation costs and improve customer service. The transportation function becomes a de facto change agent, helping the manufacturing and customer service departments enact improvements.
- Employing effective transportation best practices can go a long way toward impacting the way the rest of the enterprise operates.
- Whether a company handles transportation in-house or outsources to a third party, certain consistent factors – data tracking, reporting, and action – must always be included.
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How to Locate a Contingency Port

Shippers and consignees on the U.S. West Coast are well aware of the challenges they face when capacity is squeezed and time parameters are tight. As a result, many have begun managing their supply lines from point of origin, controlling the inbound shipment process to increase visibility farther back in the supply chain, then harnessing that information to manage shipment variability and exceptions as they occur.

But as much due diligence and supply chain tinkering as any one business can do may never prepare it for the types of exceptions and supply chain bottlenecks that occur when port workers, hurricanes, or terrorists strike. What do you do? Where do you go? How will you create, then execute, a workaround strategy to ensure shipments get to their intended destination without undue time and cost?

Commodity type, carrier preference, offshore networks, intermodal requirements, volume, and capacity inevitably dictate what ports shippers and consignees move product through. In this regard, high-traffic West and East Coast facilities are where businesses will migrate to for the foreseeable future. But that doesn’t mean stateside shippers and consignees can’t or shouldn’t be eyeing alternative ports and developing working relationships with terminals and carriers, so that when problems occur they have additional support and flexibility to create alternative plans for rerouting shipments or scaling volume.

The trend toward diversifying inbound volumes and ports of entry has raised the value of smaller, less-congested harbors that can help accommodate backlog cargo or serve as an alternative when supply chain disruptions happen. Identifying potential contingency ports demands businesses think upstream and downstream about how they can most efficiently and economically match supply to demand.

Businesses that have yet to seriously consider a contingency port strategy may be inclined to do so sooner rather than later—West Coast port operators and the International Longshore and Warehouse Union will be negotiating a new contract in 2008.

Forecast Demand: The best defense is often predicated by an offensive approach. Companies actively engaged and working with offshore vendors to monitor and control shipments into the United States have a leg up when considering contingency options. Upstream visibility enables businesses to identify potential disruptions before they snowball, then communicate appropriate fixes to circumvent the problem.

Strategically managing inventory in motion also gives shippers and consignees greater flexibility to perhaps consider rerouting a shipment through an alternative port farther removed from inland DCs. Reliably knowing the lead time, and matching that up with an alternative inland distribution network, may prove more reliable and economical than flowing cargo through a closer, albeit more congested port.

Consider Your Inland Transportation Needs: How do you ship your product inland? By rail, road, water, air, or a combination? Can you leverage intermodal to open additional capacity and reduce costs? See if the ports are well connected to these transport modes and what carriers serve the market. Determine your needs, then evaluate ports accordingly.

Explore Your Port Options: Check if the port has the ability to expand and the manpower to execute your logistics needs. Also consider the port’s freight handling options and costs, and whether there have been labor disputes in the past. Can the equipment already in place easily be used to handle your products? What will it cost? If equipment is not in place, will the port allow you to use the necessary equipment? At what cost?

Also, if you are considering an alternative port in Mexico or Canada, identify how customs handling requirements and documentation will change.

Work with Carriers: Ocean carriers are aware of the challenges facing shippers and routinely explore and adapt port rotations and sailing frequencies to align service offerings with market demands. Finding out what your carrier is thinking may open up a new avenue and port for importing your goods.
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GARY GARRISON WAS BUILDING SEATS FOR CHRYSLER MINIVANS IN ST. LOUIS WHEN THE CALL CAME. “Do you want to run some lights for a band?” asked his friend. “It only pays beer.”

That modest offer spawned a career in show lighting for Garrison, as well as a continual challenge: how to quickly move expensive and complex lighting equipment from one venue to another safely and efficiently.

“At any given moment, we likely have equipment being flown or trucked somewhere,” says Garrison, senior purchaser at the rentals division of Christie Lites, a stage lighting business focused on both rentals and production services. The company, based in Orlando, Fla., serves the theater, concert, trade show, television, film, industrial, and special events markets.

Garrison’s situation isn’t unusual in the expedited shipment business, where moving impossible loads at breakneck speeds is all in a day’s work.

As shippers struggle to meet delivery needs and deadlines, expedited carriers fight their own headaches managing a whirlwind of different cargo types, load sizes, customers, and distances—all synchronized against a ticking clock.

“In some situations we receive a 90-second phone call and have 90 minutes...
to make a pickup,” says Andrew Clarke, president and CEO of Panther Expedited Services, Seville, Ohio. “Other orders might have a longer time frame—moving more than 1,000 miles cross-country—but still within a short pickup window.”

The expedited industry is also changing. Carriers now face growing customer demands for value-added services such as delivery guarantees, security compliance, and time-specific deliveries.

“Expediting service is no longer just a matter of moving products quickly,” Clarke says. “A whole range of service options are now involved.”

Expedited shipping differs sharply from traditional freight delivery, notes Steven Roy, president of The Expedited Alliance of North America (TEANA), a Philadelphia-based shippers trade group. “It involves a higher level of service and communication,” he says.

Expedited carriers are typically called in when the supply chain snaps. “A machine or truck breaks down and materials are lost; that’s when shippers look at expediting as part of the supply chain process,” Roy says.

Given the nature of the expedited business, carriers usually don’t get much lead time or leeway. “Most shippers want answers within five to 15 minutes of their call, as well as a time commitment,” Roy says. “If a carrier says it will pick up at 4 p.m., then it has to pick up at 4 p.m., or customers view it as a service failure.”

Most expedited carriers serve a variety of industries and many freight types. “We handle high-end medical equipment to general manufacturing—aircraft engine parts, plastics, printing, electronics, and fashion,” says Frank Perri, executive vice president of Pilot Freight Services, Media, Pa.

While some expedited carriers focus on a particular type of freight, such as pharmaceuticals or auto parts, Pilot prefers to be a shipping generalist. “We specialize in service and transit times, not in commodities,” Perri says.

Lites, Action, Expedite

Christie Lites turns to expedited shipping whenever it needs to move equipment between cities in less than 24 hours. The company also depends on rush shipments if a critical piece of equipment fails. “We use a lot of electronics, so we always face the potential for failure,” Garrison says.

Christie Lites selected Pilot as its expedited carrier based on its global presence. The company also felt that Pilot was capable of supplying safe and
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“Our equipment is expensive—some pieces cost upwards of $40,000,” Garrison says. “Saving money isn’t the ultimate goal; we want to have trust in our expedited carrier.”

Christie Lites’ contract with Pilot calls for one-, two-, and three-day delivery options. “If Pilot fails, we don’t pay,” Garrison says. “But, unfortunately, a service failure also means we don’t get what we need.”

A missed delivery window threatens Christie Lites’ ability to adhere to the theater’s most hallowed pledge: the show must go on. “We simply cannot tolerate late or missed deliveries,” Garrison says.

Businesses evaluating expedited shipping services need to consider factors beyond price. “Look at the value—what the carrier is willing to offer for a fair price,” Garrison recommends. “If you choose a carrier by price alone, you risk getting burned.”

Christie Lites needed a carrier it could depend on for the long haul in terms of both distance and time, not “local carriers and freight forwarders that operate for a few years, close up shop, then re-open under a new brand,” he says.

Gotta Be There

Chuck Jakubchak, transportation sourcing manager for General Electric, Fairfield, Conn., likes to think of himself as a facilitator—the guy who helps company managers find the most appropriate carrier to transport a specific type of freight.

“Everyone has different needs,” he says. “Some people want fast and expensive, some want slow and cheap.”

When a manager needs a product to move somewhere in a hurry, Jakubchak turns to Panther, or one of the four other expedited carriers GE works with, to make the delivery. He uses several criteria to form a carrier recommendation that he passes on to the manager.

“Price competitiveness and service are important,” he says. “Then there’s a pecking order—first go to one carrier, and if they can’t help, try the next, and so on.”

Jakubchak doesn’t worry about delivery guarantees. “The carrier is in business because it delivers like it’s supposed to,” he says.

He notes that the expedited carriers GE works with have proven their reliability over many years. “The most important thing is ongoing business,” Jakubchak says. “We have faith that the carrier will continue to perform because it has done so, on an ongoing basis, for years.”

The best expedited carriers work quietly and efficiently without generating unnecessary attention. “Most transportation occurs at night—you wake up and your freight is there,” Jakubchak notes. Like Garrison, Jakubchak feels that price isn’t the most important criterion when selecting an expedited carrier. “If you don’t have reliability, price doesn’t matter,” he says. “Price gets shippers interested in a carrier, but the main deciding factor is ongoing, repetitive, dependable service.”

The expedited shipping business is evolving to meet customers’ changing needs. Value-added services, such as time-definite deliveries and security, are becoming as important to expedited carriers as their core time-sensitive delivery services.

“Expedited transportation used to perform like an ambulance service,” says Clarke. “But that has evolved to where shippers rely on expedited carriers to provide extras along with high service and reliability levels.”

Security services, such as trailers with built-in anti-theft systems, are typically offered to shippers with high-value, time-sensitive shipments, such as jewelry makers and fine wine wholesalers.

BETWEEN 10 AND 2. Busy consumers want to know exactly when their home delivery will arrive, placing increasing pressure on expedited providers, such as Pilot Freight Services, to hit those time frames.
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needs. But a growing number of other companies, including retailers and those with just-in-time manufacturing commitments, are now also demanding time-definite service.

“Just showing up on a particular day with 100 boxes of inventory won’t help a retailer,” Collins says. That’s because a growing number of retailers use part-time help to handle incoming deliveries.

“It is not in their best interest to pull a sales clerk off the floor to meet a delivery,” Collins notes.

With fewer people at home during the day, time-definite deliveries are also becoming popular with consumers.

“For residential deliveries, an increasing number of customers require time-specific service,” Pilot’s Perri says. “A consumer expecting a delivery of a large appliance, for example, will likely demand a delivery time frame.”

One service option that began as a value-added feature is now offered at no extra charge by nearly all expedited carriers: shipment tracking. Pilot, like most expedited carriers, lets customers track shipments on its Web site.

“Customers can track and trace, run reports, and customize information into a spreadsheet,” says Perri. “They can view all key data about their shipment and use what’s important to them.” Pilot also offers a program that automatically pushes delivery data to customers via e-mail.

End of the Road

The biggest obstacle facing most businesses that need to ship products in a hurry is finding a carrier they can rely on. In fact, reliability is the attribute GE’s Jakubchak most values in an expedited service provider.

“When you go home for the day you want to know that you can count on the carrier to do just what it said it would do,” he says. “You expect the carrier to back up its commitment in accordance with your expectations.”

When evaluating an expedited carrier, Jakubchak examines the company’s business record. “Year-over-year business growth speaks volumes,” he says.

Jakubchak also prefers carriers serving a diverse customer base. “If their customers are not all in one vertical market, that says a lot,” he notes. “It means the carrier is not locked into one niche and is more likely to understand your business.”

Companies also need to periodically analyze their carrier relationships. “Look hard at what you get for the money you spend,” says Christie Lites’ Garrison. “If you are driven only by price, your expectations better be low, because you get what you pay for.”

It’s hard to fairly evaluate an expedited carrier on the basis of other customers’ recommendations. Businesses need to test-drive carriers directly.

“Take a broader approach and evaluate performance over a period of transactions, not just one transaction based on the quote of the minute,” Garrison says. “Price will always be important, but shippers need to make a carrier decision based on long-term relationships.”

Growing carriers are best suited for expedited deliveries. “When companies are growing, they tend to focus on the customer,” Perri contends. “When carriers are stagnant or involved in mergers and acquisitions, they tend to focus more inwardly—they don’t always have the customer’s interests at heart.”

TEANA’s Roy believes shippers sometimes take expedited carriers for granted, despite the critical role they play in daily commerce.

“Expeditors work behind the scenes,” he says. “They are creative, energetic people who help shippers meet their need for speed every day.”
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Changing consumer buying habits compel retailers to integrate in-store, catalog, and online channels to keep inventory on hand and shoppers coming back for more.

STOCK 'TIL IT DROPS

By Lisa Harrington

The direct-to-consumer peak retail season is an unforgiving one. “All product has to reach the consumer by Dec. 23 or 24, creating a huge challenge for the distribution network,” notes Janine Renella, retail group leader for supply chain at software vendor RedPrairie, Waukesha, Wisc. “In addition, the stakes are high. If customers shop online and an item is not in stock or cannot be delivered on time, they just go somewhere else. The retailer loses a sale and a customer.”

Unforgiving is not the direct retail channel’s only tough attribute. “Online distribution is more challenging and more complex than distribution to retail stores,” Renella says.

Retailers ship merchandise to stores in full-case or multi-case lots. That’s far easier than shipping direct-to-consumer and online, where the order profile is much smaller. In this case, retailers ship ‘eaches’—resulting in a greater number of shipments. This causes a
A high number of picks, the volume of which you can't always predict because online customers are fickle.

The value-added services online customers require also place a burden on fulfillment operations. “If I order a sweater for my sister's birthday, I want it gift wrapped with a personalized card,” Renella continues. “So instead of shipping the sweater to a store in a case lot, the distribution center has to prepare a single product for shipping—with gift wrap and card—within a small time window.”

As the online retail sector matures and profit margins moderate, retailers are looking for ways to improve how they handle this business. They are retooling their supply chains to drive greater profitability, particularly during the crucial holiday peak season.

A Market Snapshot

Market statistics confirm online retail’s popularity among consumers. Analyst firm Jupiter Research expects U.S. retailers to rack up $116 billion in online sales this holiday season, 15 percent more than last year.

“Looking out five years, that pace of growth will slow,” says Patti Freeman Evans, a senior analyst with Jupiter. “We are seeing the beginning of a phase of maturity in online retail, so we predict an 11-percent compound annual growth rate over the next five years.”

Two factors drive online retail’s maturation process. First, the overall supply of new people coming online to buy will be exhausted.

“New individuals will always come online to shop, but the new behavior change has run its course,” Freeman Evans notes. “Overall penetration of online buyers is 70 percent and we don’t expect that to get much higher. We have already reached a 90-percent penetration rate in higher income brackets—the heaviest buyers.”

Wallet shift is the second factor driving online retail’s maturation. “People are shifting more of their spending to online; last year they spent perhaps $100 online, this year they will spend $150,” says Freeman Evans. “Although this trend continues to grow, there are indications of plateauing.”

With the days of explosive growth behind them, retailers now look for ways to control costs and wrest more profitability from the online channel.

“Historically, retailers held one set of inventory for the Web, one set for brick and mortar stores, and one set for catalogs, resulting in a lot of redundant SKUs,” explains Jeff Cashman, senior vice president of business development for supply chain software provider Manhattan Associates, Atlanta, Ga. “If retailers can treat inventory as a common pool, they can begin to optimize inventory by channel demand.”

Craig Stevenson, global multi-channel solutions leader at IBM Global Services, Armonk, N.Y., agrees.

“Most retailers are still organized around channels,” he notes. “To optimize their total inventory, retailers have to break down the walls between channels. They have to enable consumers to shop on their terms—shopping, picking up, or having their purchases delivered from anywhere.”

This new approach represents a reversal of power in the retail industry. “In the past, retailers called the shots, merchandising based on how they wanted to sell. Today consumers want to buy based on their specific needs. They’re telling retailers, ‘Let me shop the way I want to buy,’” Stevenson says.

With consumers wanting to buy from anywhere and retailers wanting to fulfill from anywhere, multi-channel retailers need full visibility and access to inventory across their entire fulfillment network.

“If retailers don’t have an item in their direct-to-consumer distribution center, can they fill the order from store invento-
What if everyone allowed progress to move at its own pace?

HENRY FORD
To get a better handle on operations, leading retailers have transformed themselves so that people and parts now come together under a holistic view of the supply chain. In some areas of retail, for example, merchants or buyers are reporting to supply chain. Supply chain’s sphere now extends from demand and supply all the way to delivery.

Within this holistic supply chain, the real opportunity for savings and efficiencies lies in cross-functional optimization both within and across the supply chain. This kind of optimization requires distributed order management; the retailer has to be able to service any order at any DC.

“Traditional order management systems allocate orders to a specific DC dedicated to a single channel,” Cashman explains. “But companies are investing a lot of capital in redesigning their networks so their DCs can handle everything from single picks to mass picks for the retail store. They need systems that can capture the order and allocate it appropriately across the distribution network.”

That’s where order management systems come in. They pick the right path for the order to follow to achieve the best margin. “You just can’t slam an order into any DC and assume it will be shipped the optimum way,” Cashman notes.

**Going Into Labor**

One large challenge retailers face during seasonal peak periods is labor planning in the distribution center. “How do you plan labor when you don’t know what orders will arrive in the next five minutes or the next five days?” Renella asks.

To manage warehouse labor effectively, companies need to be able to deploy resources dynamically based on what’s happening in the DC real time. “Maybe 200 orders are backed up at the packing station because they all require gift wrapping,” Renella suggests. Those value-added services typically cause bottlenecks in online order fulfillment. A labor management system could provide the solution through real-time alerting to the warehouse supervisor.

“The report might show that, based on work in the queue, there are 200 hours of gift wrapping, 10 hours of picking, and 20 hours of shipping,” Renella says. “The system would recommend that 52 DC associates move into gift wrapping to address the bottleneck.”

Retailers have to enable consumers to shop on their terms—in a store, picking up an online order, or having purchases delivered from anywhere.

Labor management systems today are more proactive than in the past, when supervisors received labor performance reports at the end of a day, a week, or a month. Problems became apparent but it was too late to do anything about them. With today’s labor management systems, problems are visible as they occur so they can be addressed immediately.

**Tales From the Trenches**

Multi-channel retailers Urban Outfitters Inc. and Restoration Hardware have embarked on missions to transform their supply chains toward a channel convergence model. Although neither has completed the transition, both are already experiencing benefits.

Philadelphia-based Urban Outfitters Inc. is a specialty retailer and wholesaler, with stores in the United States, Canada, and Europe as well as multiple catalog and online operations. Its brands include Urban Outfitters, Anthropologie, Free People, and bdg.

Online transactions represent about 13 percent of Urban Outfitters’ total retail sales and 12 percent of total company sales. “We use three channels—retail, direct-to-consumer, and wholesale,” says Ken McKinney, director of distribution for the retailer. “While we offer many of the same products across the channels, some items are unique to our Web sites.”

**Pumping Up the Volume**

Last December, Urban Outfitters shipped 223,000 online orders, compared to the 120,000 orders it shipped in an average month that year. “We almost double our volume during peak season,” McKinney notes.

Retail store and online orders peak at different times. “Retail store fulfillment distribution centers feel the impact in early October to mid-November,” he says. “But our direct-to-consumer business doesn’t peak until early to mid-December, when it spikes up dramatically,” McKinney says. “On an average day we could process 6,000 to 8,000 orders, but that number jumps to 13,000 during peak season.”

One challenge Urban Outfitters faced in managing its surge business was the lack of common SKUs across channels. “We had three individual host systems managing three channels, without a single block of inventory,” McKinney notes. “Two of our three DCs distribute to retail stores; one handles direct-to-consumer and wholesale fulfillment in Trenton, S.C.”

Initially, Urban Outfitters outsourced its direct-to-consumer fulfillment to a third party. After about a year, however, the company decided to bring the operation in house.

“When we were conducting due diligence for the Anthropologie catalog, we were looking at retail order management host systems and
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warehouse management systems,” recalls McKinney. “We recognized then that in order to operate our supply chain most effectively, we needed to get to single SKUs across all our channels.” Urban Outfitters acquired the Trenton DC from another catalog retailer. The facility has 420,000 square feet of high bay storage plus a 38,000-square-foot mezzanine. It houses 20,000 to 30,000 SKUs.

“When we moved to South Carolina, we needed a new WMS to accomplish our goals,” McKinney says. “We implemented Manhattan Associates’ WMS for our online business and are in the process of implementing it for our wholesale operation.”

During holiday peak, Urban Outfitters’ direct channel supply chain faces the complex task of managing the company’s three brands, each of which comprises its own personality and customer expectations.

“Anthropologie customers—upscale 30- to 45-year-old women—want a wonderful shopping experience, with tape and a sticker applied just so to a box holding their purchase,” McKinney explains. “Urban Outfitters customers are fine with plastic bags.”

Managing the holiday returns spike presents another challenge. “The returns rate across our brands reaches nearly 20 percent,” McKinney says. “Urban customers do not return a lot of merchandise, but Anthropologie shoppers often order two of an item and return the one that doesn’t work.”

Urban Outfitters maintains a liberal returns policy. With every shipment, Urban includes a pre-paid, pre-addressed return label that can be sent anywhere in the U.S. Postal Service system. To return an item, a customer applies the label to the return package. The return charge is deducted from the customer’s refund.

Overall, Urban Outfitters’ investment in technology to more efficiently manage online fulfillment is already paying off. Since implementation, the retailer has experienced:

- A 35-percent reduction in total headcount.
- An 80-percent reduction in manifesting and invoicing processes.
- A 66-percent reduction in order turn time, from three days to less than 24 hours.
- A 60-percent rise in putaway efficiency.

Within one year of implementing the software solutions for its direct channel operations at the Trenton site, Urban Outfitters was able to move its wholesale operations into the facility as well. Future plans include rolling the wholesale channel on to the same WMS.

With both channels in a single facility and on a single solution—and eventually sharing a single inventory—Urban Outfitters believes it will increase flexibility and productivity.

**Restoration Hardware Finds Fulfillment**

California-based Restoration Hardware is a leading purveyor of premium home furnishings. It operates a multi-channel, multi-brand, multi-market business, with revenues expected to reach $754 to $764 million this year. The company comprises more than 100 retail and outlet store locations in the United States and Canada, as well as a rapidly growing direct-to-consumer business that includes stand-alone catalogs and two e-commerce sites.

“Multiple channels—retail store, catalog, and e-commerce—push activity into the supply chain,” says Jim Brownell, chief information officer of Restoration Hardware. “We work hard to ensure that our customers get what they want, how they want it, regardless of what channel it comes from. Our retail store associates, for example, can now order product for a customer from any channel. They have visibility into inventory levels across the entire company.”

Restoration Hardware is in the process of implementing a fulfillment solution that automatically finds the most effective way to fill an order.
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regardless of the channel.

“Two forces drive Restoration Hardware’s supply chain,” Brownell explains. “First is visibility, which has to be appropriate by both geography and time. If you are situated on the West Coast, you want to locate product in that area so you don’t spend a fortune on transportation.

“From a time perspective, you have to know if you can meet your customers’ needs. You have to understand and have visibility into product lead times,” he adds.

“The second challenge is assortment,” he continues. “We have a lot of product permutations—selling an upholstered couch in more than 100 fabrics and several types of frames, for example. Not only do they have different lead times, some are in stock, others aren’t. Because we carry products ranging from monogrammed hand towels to sofas, we use every kind of transportation service from parcel to home delivery. All those variables add complexity.”

A Special Gift

Peak season volume can reach five to 10 times an average non-peak day. But volume is not the only issue Restoration Hardware grapples with at peak time. The nature of holiday gifting creates more demand for special services such as monogramming and embroidering.

“We do most of that work in-house,” Brownell notes. “Forecasting how much labor we need to add to meet this surge business is our biggest challenge.”

When volumes are ramped up, supply chain resources such as storage become stressed. “Obviously, you can’t afford to build your facilities to accommodate holiday volumes because you won’t use the space for 46 weeks out of the year,” Brownell says.

Currently, Restoration Hardware operates two furniture and two retail DCs, and next year will open a new facility that will be able to handle multi-channel fulfillment.

When operating a distribution facility capable of serving multiple channels packaging then poses a challenge.

“Packaging differs by channel,” Brownell explains. “For a retail store, I can ship a box of towels from the DC that arrives at the store as a unit. In the direct channel, however, I may have an order for only one towel, which is packaged in an individual poly bag. I have to design DC operations to handle these differences effectively.”

The supply chain has to be flexible enough to handle surges and accommodate added services and requirements.

“This may mean the vendors hold inventory, but we still have visibility into it. Or it may mean we use a 3PL or run a ‘pop-up’ center ourselves,” Brownell says. “We insource and outsource to handle the peaks, and the choice depends on the situation.”

Regardless of who operates Restoration Hardware’s supply chain elements, visibility is essential.

“You can’t manage what you can’t see at the right level of detail,” Brownell says. “I can see a truck, but that doesn’t help me. I need to know what’s in it, down to the carton SKU level.”

Restoration Hardware uses a combination of enterprise and supply chain IT solutions to serve its customers, and is in the process of installing a new WMS that will provide this visibility across channels.

Far to Go

Retailers such as Urban Outfitters and Restoration Hardware stand at the forefront of the retail industry’s evolution toward channel convergence.

“But some basic process capabilities need to be implemented before any company can lay claim to retail convergence,” notes Nikki Baird, managing partner at research company Retail Systems Research LLC.

These process capabilities include managing in-store inventory with the same precision and accuracy as a warehouse. This allows retailers to extend the online shopping season by enabling customers to order online and pick up at the store as late as Christmas Eve. Circuit City unveiled such an arrangement last holiday season; other retailers are likely to follow suit this year.

“You can rig a ‘buy online/pickup in store’ scenario with chewing gum and baling wire in the short term, but long term, workflows have to automate this process,” Baird says.

“What happens if, for example, a customer tries to get an in-store pickup order and the merchandise is not there? Is there a provision to alert the customer? And how does that play out if it’s one item in a multi-line order?” she asks.

Peak season is not about building rigid lanes of distribution. Supply chains must be modular, so retailers can put the pieces they need in place when and where they need them, and capture customer orders, regardless of channel.

“Peak season is about having the flexibility to respond to the customer,” concludes Brownell.
The multimodal transportation network known as NASCO runs through the heart of trade in the United States, Canada, and Mexico. Find out what makes this corridor unique and why companies are banding together to support it.
The NASCO corridor is a 2,500-mile-long multimodal transportation network linking Mexico, the United States, and Canada, connecting more than 71 million people, and supporting $1 trillion in total business between the three countries. Stretching from the deepwater ports of Mexico, to the border crossing of Laredo, Texas, through 11 states, and to Eastern and Western Canada through the Ambassador Bridge and Winnipeg, Manitoba, the NASCO trade corridor continues to expand trade opportunities beyond North American horizons.

To ensure the continued success and growth of the network, North America’s SuperCorridor Coalition (NASCO) is creating a sustainable plan to fund further investments in transportation and distribution infrastructure and drive economic growth on the national, regional, and local levels.

The tri-national non-profit organization, which was founded in 1994, includes departments of transportation from various states and provincial authorities along the north-south trade corridor; business development groups; inland port developers; and other public and private sector entities related to transportation and trade.

Its collective goal is to maximize the efficient and secure movement of goods along existing highway and rail infrastructures, while outlining strategies for investment and improvement, addressing technological/security innovations and environmental initiatives, and interfacing with various government interests to ensure its constituents’ voices are heard.

“NASCO’s strength has been in unifying the public and private sector to take action on the many transportation and trade challenges facing the corridor – principally, to focus on how to advance economic development and security through the U.S. heartland,” says Tiffany Melvin, Executive Director of the trade partnership.

The changing context of world trade, and specifically the role North American companies play in managing the global supply chain, is similarly breathing new life into NASCO’s 21st-century mission.

COMING FULL CIRCLE

Even as many U.S. consignees and shippers continue to chase Asia-inbound volumes with a parochial approach – a “U.S. West Coast, then all-water East Coast” myopia – the idea of a direct, south-north/north-south route between Mexico’s ports, the American heartland, and Canada’s rapidly developing hinterland is coming full circle and then some.

As U.S. companies increasingly rely on Asia to source raw materials and manufacture goods, West Coast ports are struggling to keep up with the volume of product and the growing demand of stateside consumers. Currently, Los Angeles-Long Beach facilities handle roughly 40 percent of all cargo shipped into the United States and nearly 80 percent of all Asian-origin volume. Further complicating this dilemma, increasing congestion in and around ports, a lack of available land to expand cargo warehousing and distribution facilities, aging infrastructure, and a dearth of available truck drivers and inland freight capacity are compelling U.S. consignees to consider alternative routings. These swelling pain points position Mexican and Canadian ports on the Pacific Coast as enviable locations for transshipping North American-bound cargo, which only enhances the NASCO corridor’s value proposition.

While stateside shippers and consignees are unlikely to entirely forego their bi-coastal focus – given geographical constraints, the sheer volume of product moving from Asia into these ports, and the investments that have been made in these areas – the utility of leveraging a multimodal transportation corridor to facilitate inland distribution is growing. It’s also forcing U.S. businesses to rethink
their horizontal strategy and instead approach global trade initiatives from a new direction.

The transportation backbone of the NASCO corridor is Interstate 35, which stretches 1,568 miles from Laredo, Texas, through Oklahoma, Kansas, Missouri, and Iowa, to its terminus in Duluth, Minn. Complementing this north-south artery are Interstate Highways 29 and 94, key east-west connectors to those highways, as well as railroads, airports, deepwater ports, and inland ports that feed and accommodate cargo volumes into and out of the region.

The fast-growing presence of inland ports, in particular, is augmenting the way economic development agencies and private industry are growing and marketing intermodal capabilities along the NASCO corridor to incentivize manufacturers and retailers.

If that isn’t enticement enough, current estimates predict the population along the southern portion of the NASCO region to mushroom 40 percent, from 16 million people in 2005 to 22.4 million people by 2030. Cities such as Dallas and Kansas City, in particular, stand out because “as trade flows, real estate grows where people go,” says Jon Cross, Director of Marketing for The Allen Group, a San Diego, Calif.-based real estate developer.

“From a real estate perspective, we’re feeling that population growth,” continues Cross. Expectedly, U.S. manufacturers and retailers are feeding that “feeling” and inland port facilities and transportation carriers are key linkages within that supply/demand continuum.

As an example, Kansas City has emerged as a leading intermodal hub for Asian-origin cargo moving through Mexico’s ports of Manzanillo and Lazaro Cardenas. The city’s access to key east-west and north-south rail connections makes it an ideal complement to the I-35 over-the-road corridor.

INLAND PORT POSITION

NASCO’s North American Inland Port Network (NAIPN) to date includes Alliance, Texas in Fort Worth; Dallas Logistics Hub; KC Logistics Hub; Port San Antonio; Des Moines, Iowa; Winnipeg, Manitoba; Puerto Interior Guanajuato; Bajio Central Mexico; Interpuerto Monterrey; Proyecto Distrito Multimodal Villa XXI; and Durango, Mexico.

NAIPN is a tri-national subcommittee of NASCO that has been tasked with developing an active inland port network along the NASCO corridor to specifically alleviate congestion at maritime ports and U.S. borders. The main guiding principle of the NAIPN is to develop logistics systems that enhance global security, but at the same time do not impede the cost-effective and efficient flow of goods. The NAIPN envisions an integrated, efficient and secure network of inland ports specializing in the transportation of

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containerized cargo in North America.

Railroads such as Kansas City Southern Railway (KCS) have been proactive at adapting their strategic development plans to match shifting global trade winds with the emergence of these inland ports. The creation of a regional network of inland ports, gateway terminals, and intermodal facilities helps channel cargo and business into the NASCO corridor from both east and west, says David Eaton, Director of Corporate Affairs for Kansas City Southern de Mexico (KCSM).

“The reality of intermodal cargo is that it is high volume and low margin. So it is important to have big inland ports that can properly consolidate and transload cargo and manage the flow of trade to maximize economy and efficiency,” he notes.

**INTERMODAL IS GOOD FOR BUSINESS**

For NASCO trade, the development of inland ports is increasing throughput along the corridor, which is a major selling point for shippers. Savvy businesses are targeting areas with intermodal connectivity as places to locate distribution, warehousing, and manufacturing facilities.

“Large ‘big box’ retailers recognize the value and importance of locating DCs near intermodal ramps. It’s no longer simply a matter of finding the lowest-cost lease option,” says Cross.

Real estate development companies such as The Allen Group and Chicago, Ill.-headquartered CenterPoint Properties in the United States and Intramerica in Mexico, are keen observers of where the market is shifting as well as the types of properties that are ideal for intermodal expansion. Cross, in particular, values the “real” inland port scenario—1,000-plus acres, intermodal, rail, and highway access, a foreign trade zone, and a strong labor pool.

“We want to offer ‘big box’ users total cost savings by providing land sites or building space next to these intermodal facilities – places where they can save millions of dollars in drayage costs. This reduces supply chain costs compared to other site locations farther away from to rail and road transportation, manufacturing should be well positioned for growth,” he says.

Accordingly, both companies have been working with the railroads on projects along the NASCO corridor.

In 2006, The Allen Group partnered with BNSF Railway to develop the KC Logistics Park in Gardner, Kansas, 25 miles southwest of Kansas City. The new inland port has 1,000 acres of land for an intermodal terminal and seven million square feet of distribution and warehouse facilities.

This past summer CenterPoint Properties collaborated with KCS to develop a 1,300-acre intermodal logistics park in south Kansas City, Mo. The CenterPoint-KCS Intermodal Center will feature a 370-acre intermodal facility operated by KCS and an 830-acre industrial park developed by CenterPoint Properties – with the potential for 3.5 million square feet of warehouse and distribution facilities.

Elsewhere along the NASCO corridor, the Allen Group has also broken ground on The Dallas Logistics hub – the largest new logistics park in North America, with 6,000 acres master-planned for 60 million square feet of distribution, manufacturing, office and retail developments. Its location in the middle of the NASCO corridor and at a critical pivot point near the U.S./Mexico crossing only raises its potential value to cross-border shippers.

Moving forward, the evolution of the
CenterPoint Properties and The Kansas City Southern Railway Company have begun construction on CenterPoint-KCS Intermodal Center, a 1,340-acre intermodal logistics park in Kansas City, Missouri. Avoid West Coast port congestion with the newest and fastest route inland to the heart of North America.

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intermodal facility will be “a linchpin to the success of NASCO, as a critical rail-to-truck transfer point for both imports and exports, to and from the heart of North America,” offers Tramel.

NORTH OF THE BORDER
While much attention has been duly paid to transportation and logistics activities south of the border, given the influx of Asian-origin container volume, Canada too has been progressively growing its presence along the NASCO corridor. Nowhere has this been more apparent than in the Province of Manitoba.

Long a transportation crossroads within Canada, serving as a pipeline between strong agricultural centers in the Western Plains and growing consumer areas in Ontario and Quebec, Manitoba has been polishing its reputation for more than a decade. More recently its capabilities and trade potential have begun reflecting out beyond the continent – and North American trade partners like what they see.

As in the United States and Mexico, NASCO has provided the organization and incentive to bring myriad public and private sector interests together within Canada.

Darryl Gershman, Vice President/Owner of G2 Logistics, a Winnipeg-based 3PL with a pedigree in the trucking industry, is beginning to see strong government support for a unified transportation strategy.

“I have never seen as much momentum on all different levels of government and the private sector as I have seen with NASCO,” he says. “We need the government to push for and support trade, create incentives, then inspire private sector investment. NASCO supports what NAFTA is supposed to be – free and secure trade between Mexico, the United States, and Canada,” he observes.

Ron Lemieux, Minister of Transportation and Infrastructure for the Province of Manitoba, shares a similar perspective from the public sector side.

“With NASCO, we believe we are stronger together than apart. When you consider that many members are direct competitors, that means something. We are a diverse group and we have our own agendas. But I like to think we’re not in competition with each other – instead we are competing against Europe and Asia. NASCO has enabled us to pull it all together and focus on how we can collectively make North America stronger.”

To point, in 1995 Manitoba’s economic

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development interests, Winnipeg city officials, and Canada’s private sector began rethinking the province’s role in north-south trade and how they could become more engaged and competitive in these types of activities, notes Greg Dandewich, Director of Economic Development, Destination Winnipeg. “In Winnipeg, especially, we wanted to regionally develop the right type of partnerships to push our economy forward.”

Winnipeg’s historical underpinning as a transportation and distribution hub for Western Canada’s agricultural industries provided a clear pathway for future economic development activities.

“The challenge for us has been to figure out how to leverage this existing infrastructure and experience to fit into the new role of global supply chain management,” Dandewich says.

On the transportation end, Winnipeg remains a primary facilitator of trade, serving as a pivotal trucking and rail conduit within Canada, as well as linking Manitoba with the United States. The city is directly connected to northern Minnesota through the cross-border port of Emerson via Highway 75 — which is also near where Canadian National, Canadian Pacific, and Burlington Northern and Santa Fe’s networks converge.

While the flow of commerce within Canada has invariably coursed from its West Coast ports eastward, businesses are beginning to look north toward the Port of Churchill and south to the United States and Mexico to grow trade activity. “There has been much communication and collaboration between the province and officials in the United States — for example, Kansas City and San Antonio.

“A few years ago, corridors, gateways, and borders were not prevalent in government lexicon. Now, each level of government understands its role in the bigger picture.”

— GREG DANDEWICH, Director of Economic Development, Destination Winnipeg
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We have been engaged in discussion about the importance of inland ports, their ability to alleviate traffic and expedite flow into and out of the United States and Canada, and how we can share best practices in Manitoba,” says Lemieux.

This ongoing dialog has been key to bringing different levels of government and private sector interests together to engage each other with a common goal. “A few years ago, corridors, gateways, and borders were not prevalent in government lexicon. Now, each level of government understands its role in the bigger picture. Manitoba, Winnipeg, and Canada recognize that as a nation we need to develop trade capabilities to meet global supply chain requirements,” adds Dandewich.

**BUILDING A BRIDGE TO THE WORLD**

Winnipeg and Manitoba have been equally aggressive in mining new opportunities beyond what already exists to

The Port of Churchill, on Canada’s Hudson Bay, is fast becoming a global gateway to the Northwest Passage and expanding NASCO’s horizons beyond the continent.

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market and sell the region as a logistics and distribution nexus for global trade. Within this paradigm, the Port of Churchill plays an important and growing role in opening up the Northwest Passage to more shipping activity.

“The NASCO trade corridor can potentially have a tremendous impact on the port’s operation. There are more than 40 million consumers within easy reach of the corridor and it is a natural trade route between Murmansk, Russia and North America,” says Michael Ogborn, managing director of OmniTRAX, a privately held operator and manager of regional railroads operating between the Port of Churchill and Winnipeg.

The transportation company has been working with the Province of Manitoba to market the port to increase volume, diversify commodities, and attract import traffic.

Those efforts have thus far resulted in the first domestic shipment of wheat from the port to Halifax; the first inbound shipment of nitrogen fertilizer from Russia; and a record level of Canadian Wheat Board tonnage for export. In addition, Ogborn and other officials have traveled extensively overseas to educate shippers and consignees about the port and its benefits.

Elsewhere within Winnipeg and Canada, government-led initiatives such as the Manitoba International Gateway Strategy and Asia Pacific Gateway and Corridor Initiative are helping shippers, consignees, and transportation businesses identify new ways to handle the growing volume of containers coming into the West Coast through Canada. This entails figuring out how to better streamline the inland redistribution of containers from Vancouver; or perhaps rerouting movements through smaller ports such as Prince Rupert.

The Canadian railroads will be a critical link in this initiative, offers Dandewich, and given the fact that Winnipeg is the convergence point for Canadian Pacific and Canadian National, that positions both Manitoba and Winnipeg as major pieces in this emerging supply chain puzzle.

For Lemieux, the implications and incentives are clear: “We have always used transportation infrastructure as a trade enabler within Canada,” he says. “Now we are further developing Manitoba into a safe, secure, and efficient place for global trade.”

THE NASCO VALUE-ADD
NASCO is also expanding its value proposition by taking an innovative approach to security, environmental, and risk assessment initiatives – areas where government and the private sector are looking for leadership.

The trade partnership’s North American Facilitation of Transportation, Trade, Reduced Congestion, and Security system – or NAFTRACS – is a project to develop and deploy cargo tracking and management technologies across the heartland. NASCO has teamed with several IT developers including Lockheed Martin Corp., Cadre Technologies, and Savi Networks to spearhead the effort.

“The program combines RFID reader/scanners with software and information networks that will allow shippers and authorities to track the flow of containerized cargo along the NASCO corridor,” says Melvin.

The pilot phase will begin in 10 high-traffic locations and includes the development of an integrated system that will link local city, county, state, regional, and national trade corridor management systems for improved freight management coordination, safety, and security.

Given U.S. industry and government’s slow progression toward piloting and implementing RFID, and the lack of standards that exist for executing and integrating such technology for mainstream use, NASCO’s ambition to eventually create its own corridor tracking system is both unique and visionary.

“NAFTRACS is defining the use of technology for secure cargo movement and is creating a standard for U.S. trade,” says Lemieux. “This approach provides smaller players in particular with the leverage and incentive to invest in RFID technology – in this way NASCO is becoming a technology change agent as well.”
In addition to driving visibility across the entire supply chain and creating a more secure network, NAFTRACS’ customer businesses will be capable of identifying and eliminating waste and creating more efficient routing options that reduce fuel usage – which dovetails with ongoing initiatives to green the supply chain.

To this end, NASCO and its member organizations have been actively engaged with the Environmental Protection Agency’s Blue Skyways Collaborative, a public/private effort to encourage voluntary air emissions reduction in North America’s heartland. Through its myriad constituents, NASCO is stewarding trade partners to plan and implement projects that use innovations in diesel engines, alternative fuels, and renewable energy technologies while outlining other areas for improvement.

Aside from technology innovation, NASCO’s members are also helping steer businesses toward best practices in evaluating risk assessment, which can often be a daunting task when engaging in cross-border trade. Aside from the sheer volume of cargo moving within the corridor and the necessary shipment manifests and customs documentation required, NASCO shippers also have to bear in mind how different insurance coverages integrate across the three countries.

**HURDLING INSURANCE OBSTACLES**

“Historically, each country has its own group of long-term insurance providers, which is fine if business begins and ends in that country,” says Steve McElhiney, President of EWI Risk Services, a Dallas, Texas-based risk solutions provider. “However, when you start transiting borders, insurance coverages tend to be different – and this can present an obstacle.”

By enabling businesses to set up their own captive insurance companies, where they essentially fund the policy and insure themselves, EWI provides a standard through which businesses can assess and evaluate risk liability across all borders.

What NASCO does for regional and national trade growth only scratches the surface of its real value. Smaller economic development agencies and communities are reveling in the trickle-down stimulus of increasing trade in their local economies; and their voice lends credence to the power and promise of the NASCO partnership.

“Communities and companies greatly benefit by having a group such as NASCO focused on the multi-state corridor for improvements and development. Such coordination is key to improving the
situation and heading off problems down the road,” says Scott Connell, Vice President of Economic Development for the Waco Chamber of Commerce.

The Greater Waco Chamber is currently working with industry alliances to provide forums for businesses and support agencies to discuss issues related to local growth, business attraction, infrastructure, workforce, and public policy.

Terry Bailey, Director of Business Development for the Council Bluffs, Iowa, Chamber of Commerce believes NASCO’s grassroots approach to building trade partnerships is trickling up through the hierarchy of government and private sector interests.

With a population of 60,000, Council Bluffs has always fallen in the shadow of its cross-river neighbor, Omaha, Neb. But five years ago the local business community, and city and county officials came together to address ways they could work more collaboratively to market the area and attract business.

Two years ago Iowa similarly circled its business development and marketing gurus and began organizing a regional approach to selling the state. Now 15 regional groups come together and share best practices and information.

“In the past 18 months, I have never seen so much activity,” says Bailey. “Companies come to us looking for office space, as well as technology firms, back-office support, and some manufacturing.”

These initiatives on the local and regional levels are filtering up to the national and global scene thanks in large part to NASCO’s presence. The capacity and facility with which it has integrated all levels of government and private sector interests has been a key to its success.

“The internal culture of NASCO supports an attitude of respect for the care and nurture of valuable, unique, and innovative ideas. These bubble up easier in the NASCO environment, as opposed to public bureaucracies or tough private sector environments where such ideas can get short shrift,” says Melvin.

NASCO’s ideology is also one of inclusion, encouraging trade partnerships across the continent to interact with each other.

“Our vision is corridor-based, yes, but not corridor-defined. NASCO hopes to serve as a model for all other corridors. Goods will come from every direction and move all across North America, which makes it important to work with others outside the NASCO corridor,” adds Melvin.

MEXICO RECOGNIZES NASCO
Not surprisingly, NASCO’s mission is crossing borders and reaching big government in a profound way. The Mexican government has recognized NASCO and its Mexico Committee – a group of public and private sector interests in Mexico dedicated to growing the country’s transportation capabilities – as an integral part of developing a national multimodal strategy.

Recently the government received the Mexico Committee as a full member on its advisory board for studying the country’s multimodal strategy – a report that will identify key corridors within Mexico for investment. NASCO is also in the process of outlining a memorandum of understanding with the Mexico House Transportation Committee to develop guidelines and legislation for growing its multimodal corridors.

The Canadian government has been equally receptive. In October, Canada’s New Government and the Province of Manitoba proposed a strategic infrastructure project under the Asia-Pacific Gateway and Corridor Initiative to invest up to $21 million for the construction of an interchange of the TransCanada and Yellowhead highways and of a road/rail grade separation at the Canadian National main line.

“We believe NASCO will continue to play a great role in helping the local, state/provincial, national governments and private sectors develop a strategy for future investments,” says Melvin. “NASCO will continue to serve as a transnational alliance with committed members working together to encourage, accept, nurture, and test new ideas and to fill and cover the many gaps that exist between public efforts and the missions and highly specialized needs of the private sector.”

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80 Inbound Logistics • November 2007
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**Greater Council Bluffs Regional Economic Development Partnership**

www.councilbluffs-iowa.com

Served by two interstates, a major airport, and a skilled workforce, the Greater Council Bluffs Region has strengthened its financial, medical, retail, trade and transportation centers through a regional commitment to business growth. The Greater Council Bluffs Regional Economic Development Partnership, a partnership of local governing agencies, business, education and economic development groups, works proactively to keep the Greater Council Bluffs Region on the leading edge of business opportunity.

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**The Allen Group • www.allengroup.com**

The Allen Group specializes in the development of high-end industrial, office, retail, and mixed-use properties throughout the United States. The company’s major focus is the development of rail-served industrial parks—inland ports—that are high-tech logistics and distribution hubs. The Allen Group has more than 8,000 acres under development across the country.

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CenterPoint Properties is focused on the development, ownership, and intensive management of industrial real estate and related rail, road, and port infrastructure. The company adds value to customers through forward-thinking solutions aimed at enhancing supply chain and operating efficiencies. CenterPoint seeks long-term relationships with customers, public and private business partners, internal colleagues, and the communities where it invests and operates.

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Tri-National Advocacy for Efficient, Secure and Environmentally Conscious Trade & Transportation. For more than 13 years, NASCO and its members have stood at the forefront of driving public and private sectors to unite to address strategically critical national and international trade, transportation, security, and environmental issues. Economists predict U.S.-bound international containerized cargo will increase 350 percent by 2020. United States, Mexico, and Canadian exports to one another and the world are at an all-time high.
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Smith Drug Company is a rare find in today’s pharmaceutical industry—an independent company that offers a personal touch. In a field dominated by giant drug wholesalers, Smith stands apart by specializing in serving the independent community pharmacist.

It is logical that Smith stakes its claim in this niche. The company began operations in 1925 as an independent community pharmacy in Asheville, N.C. Over the next two decades, it added 16 pharmacies throughout the Carolinas and Georgia. In the 1940s, the company’s founder, James M. Smith Sr., sold his interest in the stores to establish Smith Drug Company in Spartanburg, S.C.

The traditions and culture set in place by James Smith carry on and today the company thrives on its ability to understand the special needs of local pharmacies, both in a retail or hospital environment.

The JM Smith Corporation, of which Smith Drug is one of four businesses, is South Carolina’s sixth-largest privately held company. Smith Drug serves more than 1,000 pharmacies throughout 13 states in the South.

In addition to touting its roots in the community pharmacy, Smith Drug places great value on its ability to be flexible when meeting customer needs. The company credits its distribution expertise for helping it serve its customer base and differentiate itself from competitors. A key part of that expertise is the recent implementation of a voice recognition warehouse picking system.

Giving Pharmacists a Voice

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THAT WAS THEN

While Smith Drug has a long history of serving the local pharmacist, it had to bring distribution operations up to speed to serve the pharmacists of today and tomorrow. The company’s traditional paper-based picking system wasn’t keeping up with the times. And in an industry with thin profit margins, that didn’t cut it.

“Any errors in the pharmaceutical industry are expensive,” notes Randy McConnell, director of information systems at Smith Drug.
Smith's old picking system required the DC to print four cases of paper each day. Picking was separated into zones; shipping into routes.

“We had to dedicate three or four workers to separate the paper by zones,” explains McConnell. “It was time consuming, taking up nearly three hours each day.”

Not only was the old system time-consuming and labor-intensive, but it was error-prone as well. “The paper-based system was holding us back,” says McConnell. “We knew we could be more productive and provide better service to customers.”

McConnell was interested in voice picking and began researching providers to find the right fit for Smith’s needs. The company chose Vocollect, Pittsburgh, Pa., and its Voice-Directed Distribution system.

Vocollect provided Smith with six voice units for a pilot run at the Spartanburg facility, and “guaranteed us that we could meet our goals,” says McConnell. Those goals included a 20-percent increase in productivity and an error-rate improvement to more than 99-percent accuracy.

“Part of Smith Drug’s customer satisfaction goal is to provide accurate deliveries,” says Larry Sweeney, co-founder and vice president of product management for Vocollect. “We knew we could improve delivery accuracy substantially through the use of voice technology.”

Initially, Smith implemented the new voice system side-by-side with its paper-based system. As employees grew familiar with the system, the company made the transition to the voice units.

The system includes software that facilitates the coordination of assignments and exceptions. It also includes a connection to Smith Drug’s main-
The voice-picking system has enabled dramatic labor savings at Smith’s distribution centers. Where workers used to put in several extra hours of work each week, Smith has now completely eliminated overtime.

frame through VoiceLink, Vocollect’s voice interface software.

About 130 employees in the DC now use the voice system. “The second shift at night does most of the picking,” says McConnell. “The stores phone in their orders, which are automatically directed to VoiceLink from our mainframe.

“As workers arrive in the morning, they are assigned to a particular area. When they log in, the system tells them where and what to pick,” he adds.

Employees make their way down the aisles as directed by the voice system. They pick the items, then confirm the order by voice. Next, an export file is transferred to the mainframe where shorts are identified and billing is produced.

Training Smith employees on the new system was easy. “It takes 30 minutes for each employee to speak about 100 words into their unit and receive a template,” McConnell explains. “Fifteen minutes later, they are using the units for picking.”

The voice units can accommodate Smith’s diverse workforce. “We have employees who speak Spanish, Russian, and various Asian languages,” he says. “Because the units handle those languages, the transition was easy for everyone.”

SMITH SEES RESULTS

Results from the voice system have exceeded Smith’s expectations. “It’s hard to measure how many ways we have benefited from the new system,” McConnell says. “For instance, we easily achieved a 20-percent improvement in productivity.”

Accuracy also has improved substantially. In one recent month, by example, only one shipment ended up on the wrong truck. For a company that ships some 7,000 cases each day, that is a great improvement.

Labor savings have been dramatic as well. “We have been able to cut out all overtime,” reports McConnell. “Our employees used to put in several extra hours of work every week.”

EMPLOYEES BUY IN

The system has also proved popular with new and existing employees, leading to improvements in recruitment and retention. “The system does not require any special technical skills. That makes it easier for us to attract employees and keep them on-board,” McConnell says.

Smith’s results are typical for a company that has moved from a paper-based system to a voice system. However, the drug wholesaler achieved another, perhaps intangible benefit from the voice system.

“The financial payback on the system is one thing,” notes Sweeney. “But the system has also enabled Smith to retain its customer base, and perhaps gain some new customers.”

The system’s success in the Spartanburg facility prompted Smith to implement voice picking at its new Arkansas distribution center from the onset. The future at both DCs may include voice units on lift trucks as well as in shipping and receiving operations.

Smith Drug achieved its return on investment within six months. “The voice-picking system has been a great success,” McConnell concludes.
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Bon-Ton gets extra mileage from its transportation management system by linking it to a vendor compliance system.

Making the Right Connection

Automating key supply chain functions to make your operation more efficient is a good move. Making the data you capture as part of those functions do double-duty elsewhere in your enterprise is a great move.

That’s the kind of improvement The Bon-Ton Stores Inc. worked toward this year when it integrated a new transportation management system (TMS) with its vendor compliance management system (CMS). The automated link between the two systems helps Bon-Ton more quickly spot and solve vendor performance problems and more efficiently capture freight cost information.

When Bon-Ton acquired the Northern Department Store Group from Saks Inc. in March 2006, it doubled its retail location count to 279 department stores operating under eight names in 23 states. To help integrate its supply chain, Bon-Ton adopted Saks’ legacy systems for warehouse management, purchasing, accounts payable, and merchandise. These systems now manage processes across the entire, expanded enterprise. For company-wide vendor management, Bon-Ton decided to stick with its CMS from Compliance Networks, Sugar Land, Texas, which the retailer has been using since 2000.

TMS MANAGES INBOUND

To manage inbound freight from vendors, the retailer implemented a TMS from Shippers Commonwealth (ShipComm), Charleston, S.C. Bon-Ton and ShipComm got the TMS up and running Aug. 1, 2006.

ShipComm optimizes transportation by determining the most effective ways to move freight; it also helps manage execution. Although other TMS solutions offer both functions, ShipComm distinguishes itself in two ways, according to Lori Kesten, director of sales and marketing at the software developer. First, it offers a vendor-hosted solution. Second, it maintains a close, long-term relationship with customers to help them meet supply chain challenges.

“Our solution is successful because we have real logisticians on our team; we’re not just systems people,” Kesten says.
As part of their long-term relationship with ShipComm, this year Bon-Ton officials turned their attention to having the TMS data flow automatically into the CMS.

Bon-Ton uses the Compliance Networks system to monitor vendor performance in areas such as shipping frequency, purchase order fill rates, item ticketing, and advanced shipment notices (ASNs).

“It’s an automated process,” explains Bob Yates, vendor relations manager for The Bon-Ton Stores. “The system contains our purchase orders, looks at the receipts coming in, and measures vendor performance against our metrics.”

The CMS also provides numerous vendor performance reports. “For example, the system lets us determine how long it takes to deliver an order from door to door,” says Bob Hook, Bon-Ton’s vice president, transportation. “It also provides an overall vendor scorecard and metrics, and helps benchmark how vendors perform against one another.”

Bon-Ton staff members use those reports when they sit down with vendors to talk about improving performance.

**THE BACKLOG BACKLASH**

In the past, Bon-Ton employees spent a great deal of time entering vendor activity data into this system. “We manually keyed every freight bill and bill of lading we had into the CMS,” says Hook.

That practice created several problems. One was the lag between the time Bon-Ton received a shipment at one of its distribution centers and the time the CMS received information about that shipment.

“People can only key so fast. We would be backlogged trying to get those entries caught up,” says Yates.

Sometimes, the manual process would send data of dubious quality into the CMS. “If someone keyed inaccurate data, the system would still accept it, because there were no checks and balances in place,” Yates says.

To feed the CMS the information it needed without labor-intensive data entry, ShipComm developers and Bon-Ton’s information technology department got together to work on integration. ShipComm built an interface to push freight bill data into the CMS,
while internal IT staff built one for purchase order data from the company’s legacy management application.

A significant challenge lay in the fact that several systems included in the project were new to Bon-Ton. Developers had to figure out where to obtain all the information they wanted to import.

“It took us some time to go through all the data feeds that we knew we had to get into the CMS and TMS,” says Yates. “But we had to understand where all that data was originating in our new system. That was the biggest hurdle we faced.”

GOING MAINSTREAM

The project required close cooperation among Hook and Yates, Bon-Ton’s IT department, ShipComm developers, and programmers from a Compliance Networks partner, Mainstream Technologies, Little Rock, Ark. At one point during the development, Mainstream Technologies provided a link that allowed Bon-Ton personnel to monitor activity as the TMS, installed at a test site, sent data to the CMS. This view made it easier to work bugs out of the system.

“We were able to test data as we were trying to start implementation, and correct problems as we were testing,” Yates explains. “We could identify issues, go back to shippers or to our IT department, and ask them to make corrections.”

In some cases, vendors had to modify their own software so it would transmit data in a format that Bon-Ton’s applications could use correctly.

“It was a huge collaboration on everybody’s part,” Yates says.

Bon-Ton started using the link between the CMS and TMS on Aug. 1, 2007. Now that the systems share data, it takes much less time to find out whether vendors are delivering products to the four DCs according to Bon-Ton’s instructions.

“The nightly data transmission also helps Bon-Ton nip vendor performance problems in the bud. “Now we can generate timely feedback to vendors for problems that may be occurring,” says Hook.

The transmission also ensures that data entry errors don’t distort vendor feedback. “When vendors create a non-compliance event, we feel confident that the data we’re pushing back to them is accurate because we’ve removed the human element,” Yates says.

Besides integrating the TMS and CMS, Bon-Ton worked with ShipComm to add a cost allocation function to the TMS. This module addresses the challenge that companies face when trying to allocate freight costs to different departments.

A retail organization keeps separate financial records for different departments—for example, men’s dress shirts, women’s blouses, and women’s sweaters. “We want to have good profit and loss (P&L) statements for those departments, and freight costs play a major role,” Hook explains.

When products for several departments arrive on the same truck, however, allocating transportation costs can be tricky.

Today, Bon-Ton performs a preliminary freight cost allocation in advance of a delivery, using the anticipated freight charge. After the delivery, when it receives the actual freight bill, it adjusts those figures. When it pays the freight bill, the actual cost is compared to data in the TMS and to the receipts. The cost is then allocated based on actual receipt information.

Now that the TMS and CMS share data, it takes less time to determine whether vendors are delivering products to the DCs according to Bon-Ton’s instructions.

Now that ShipComm has added the allocation function to the TMS, Bon-Ton can tie together product receipt, freight charge payments, and cost allocation much more tightly. “This combined freight costing data builds greater accuracy into the P&L statements,” Hook notes.

THE PAYOFF

For the future, Bon-Ton is working with ShipComm to create a single, integrated view of all information related to a shipment or purchase order, using data drawn from all the retailer’s applications. Bon-Ton and ShipComm also are working on a way to use TMS data to evaluate carrier performance, similar to how the company now uses the CMS to evaluate vendor performance.

Now that Bon-Ton has been using the integrated TMS/CMS for several months, the end-to-end connectivity – from receipt of goods through performance analysis – is starting to pay off.

“The end objective is to have the strongest possible supply chain in place,” Hook says.
**Hand Held Products**

**WHAT’S NEW:** The Dolphin 7850 mobile computer.

**THE VALUE:** Purpose-built for scan-intensive environments, the 7850 works well for retail and warehousing applications, including inventory and price management, shipping and receiving, order picking, and cross-docking. It is designed for comfort and ease of use, with an integrated pistol-grip handle and a large upward-angled color display for easy viewing while scanning and entering data. This lessens the need for users to continually bend their wrists during use. With advanced Shift-PLUS Power Management, the 7850 powers scan-intensive RF applications continuously for 10 hours or longer, delivering uninterrupted data processing and enhanced worker productivity.

[www.handheld.com/7850](http://www.handheld.com/7850) ✆ 800-582-4263

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**Telargo**

**WHAT’S NEW:** The addition of an Hours of Service (HOS) module to its fleet management solution.

**THE VALUE:** The module provides real-time driver status management, detailed historical route and event analysis, and real-time alerts for regulation compliance. It has been customized for specific HOS regulations placed on U.S. motor carriers. This solution helps maximize fleet productivity, reduce operational expenses, and enforce compliance with Federal Motor Carrier Safety Administration regulations.

[www.telargo.com](http://www.telargo.com) ✆ 201-938-1000

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**Log-Net**

**WHAT’S NEW:** Log-Net version 6.0.

**THE VALUE:** This release contains new features such as supplier interfacing, routing, schedules, itineraries, integrated carrier bookings, mapping capabilities, and milk runs. These capabilities allow users to effectively respond to industry trends that drive demand for complex logistics solutions. Supplier interfacing specifically accelerates vendor integration and optimizes efficiency at point of origin.

[www.log-net.com](http://www.log-net.com) ✆ 732-758-6800

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**John Galt Solutions**

**WHAT’S NEW:** ForecastX Wizard Premium Edition.

**THE VALUE:** Fully integrated with Microsoft Excel, this solution appeals to novices and advanced statisticians. Companies can begin planning with forecasting, safety stock calculations,
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and inventory management measurements. The tool complements and extends supply chain planning and ERP systems to make them more effective. It provides a vehicle for supply chain planning training without requiring an ERP license or impacting ERP data, and fully complements Six Sigma processes.

McLeod Software
WHAT’S NEW: An updated container module for the LoadMaster enterprise transportation management system.
THE VALUE: The module offers additional specialized information needed to enter, track, and bill container movements. Features include a container tracking system that alerts users to potential late returns as well as a quick history capability to answer customer inquiries. A recurring orders feature speeds the order-entry process by allowing shippers to preset repetitive container information, such as dray payments.

Voxware and LXE
WHAT’S NEW: HX3 dedicated voice computer.
THE VALUE: Designed for speech-based warehouse applications, the wireless data collection computer uses voice recognition as the primary form of data input. Facilities can run voice-based applications and still have the flexibility to scan bar codes when necessary. In addition to voice input, the HX3 has a simple, programmable eyes-free keyboard that lets operators accomplish common tasks faster. Bar-code capture options include a laser ring scanner or 2D imager ring scanner; and the HX3’s standard Bluetooth 2.0+EDR radio enables the use of wireless scanners and “future-proofs” the unit for use with accessories such as wireless headsets.

Consona Corporation
WHAT’S NEW: The release of Made2Manage ERP Version 5.6.
THE VALUE: This version includes enhancements to the product’s advanced planning and scheduling capabilities, including a whiteboard that helps manufacturers schedule both custom and standard products quickly and easily. Buffer management has also been enhanced, providing feedback to production supervisors for orders that are in danger of missing targeted completion dates.

QAD Inc.
WHAT’S NEW: QAD Enterprise Applications 2007.1.
THE VALUE: QAD 2007.1 features significant enhancements in a number of functional areas specifically aimed at addressing the requirements of global manufacturers. The enhancements help companies streamline operations, improve communication, and reduce waste within the supply chain. Users gain greater flexibility in their deployment and management options, so they can focus resources on other value-add areas of the business.

TMW Systems
WHAT’S NEW: TruckMate 8.0.
THE VALUE: The release builds on existing operations, dispatching, and accounting software functions and adds updated filtering abilities, full monitoring support, and multiple AR/AP improvements. Additional benefits include a new streamlined user interface; enhanced LTL and cross-dock support; an updated detention billing module; and simplified report access.

Accellos
WHAT’S NEW: Accellos WMS version 5.4.12
THE VALUE: This release adds many new features that address customer needs for simpler system installation, standardized shipping procedures, and more powerful international language support. Also, shipping interfaces for FedEx, UPS, and Easyship are integrated and standardized in the solution and preconfigured on both the shipper and carrier sides; and a bill of lading signature station enables electronic signature capture.

UPS
WHAT’S NEW: A paperless international shipping option.
THE VALUE: UPS Paperless Invoice enables customers shipping small
packages internationally to eliminate paper documentation. It uses UPS technology to help integrate order processing, shipment preparation, and commercial invoice data. Then it transmits that data to Customs offices worldwide, eliminating the need for paper commercial invoices and preventing customers from submitting incomplete paperwork.

**Sage Software**

**WHAT’S NEW:** Sage PFW ERP 5.6.

**THE VALUE:** The updated version of this business management system provides users with interface updates, efficiency enhancements, and performance optimizations. It also features a scalable, three-tier architecture with tight security control that delivers better productivity for users and improved overall system performance.

**web**

**Datalogic Mobile**

**WHAT’S NEW:** An Americas Web site.

**THE VALUE:** This site provides graphics and a structure that highlights new products—bar-code readers, rugged mobile computers, and RFID systems—to companies based in the Americas. Secondary menus at the top of the home page help users search for specific information, including case histories, product information, and contact information.

**OceanSchedules.com**

**WHAT’S NEW:** Updated language capabilities.

**THE VALUE:** With data coming directly from carriers, the portal provides users with access to a comprehensive listing of global schedules, which are hosted for free via an EDI connection. The update allows registered users to configure the user interface to operate in Portuguese and Chinese.

**NHS Supply Chain**

**WHAT’S NEW:** The launch of an online catalogue.

**THE VALUE:** The NHS-Cat online catalogue includes all 500,000 products handled by NHS Supply Chain. Suppliers can develop and manage their product catalogues online, significantly improving the control and timeliness of product changes and giving visibility to the entire NHS supply network.

**Catapult International**

**WHAT’S NEW:** A Web-based international rate engine.

**THE VALUE:** Logistics companies and transportation providers now have the ability to offer international shipping services with Catapult International’s new Web-based system. Using its international rate engine, Catapult builds private-label sites for companies that currently do not have global air/ocean shipping capabilities. Akin to Travelocity, the system searches multiple forwarders’ rates and lets companies choose by price or transit time.

**The Shippers’ Voice**

**WHAT’S NEW:** The launch of a new Web site.

**THE VALUE:** Here’s a portal for shippers to communicate with each other, and everyone else interested in the supply chain. Once shippers are registered, they can ask questions, make contacts, start debates on any topic they like, and raise the overall level of awareness among shippers and all freight industry stakeholders. Registration is free and registered shippers receive a complimentary report on trading in the commodity of their choice.

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Central Transport

WHAT'S NEW: Enhancements to the Pallet Saver program.

THE VALUE: With Pallet Saver, shippers no longer have to manage tariff rate base files or navigate freight classification complexities. Similar to purchasing a seat on a commercial airline, shippers are charged according to the number of “seats” they purchase on a trailer. Shippers pay the same state-to-state rate for each “seat,” regardless of whether their freight is heavy or light, higher class or lower class. In addition to the enhancements in Pallet Saver’s rate structure, Central Transport also offers guaranteed service in most next-day Pallet Saver lanes.

FESCO North America

WHAT'S NEW: An expansion of service to Western Russia.

THE VALUE: As a result of FESCO Transport Group’s acquisition of ESF Euroservices B.V., a Baltic feedership operator with service between continental Europe and Russia, FESCO North America now offers weekly containerized service to Western Russia from various ports and points in North America. The rotation includes weekly calls at the ports of Montreal, New York, Norfolk, Charleston, and Houston via Rotterdam to Saint Petersburg, Russia. The vessels call at Delta Terminal in Rotterdam, which includes a 10-day transit time from the East Coast and 15 days from Houston. The transit time from Rotterdam to Saint Petersburg is six days.

GE Equipment Services

WHAT'S NEW: The launch of the TMHZ trailer management program.

THE VALUE: GE’s TMHZ trailer management program enables shippers to increase their access to privately owned intermodal trailers that can be used on any railroad throughout the United States. The program includes 53-foot and 48-foot equipment that can be used for $17 and $14 a day, respectively, with no cost to register. Current locations for pickup include
Pelican Products

WHAT’S NEW: Repeat-use packaging.

THE VALUE: Ideal for electronics and sensitive-equipment shipments, Pelican’s repeat-use packaging has less impact on the environment while saving shippers money and better protecting their merchandise. This solution is appropriate for tech industry shippers, as items are packaged in materials that typically cannot be reused, separated, or recycled. Pelican cases use an open cell-core; solid wall construction for durability; a watertight seal for protection against liquids and dust; as well as an automatic pressure equalization valve to protect the contents during high-altitude shipping.

www.pelican.com  ☎ 800-473-5422

To learn more, contact these companies directly. Remember to mention this issue date and page to get the right information.

BAX Global

WHAT’S NEW: A third flight into Mexico.

THE VALUE: The new offering expands BAX Global’s overnight distribution capabilities between Mexico, the United States, and Canada using the Querétaro airport. Serving the industrial area known as the Bajio market, the overnight flight provides companies with earlier freight arrival and later departure times.

www.baxglobal.com  ☎ 800-CALL-BAX

Phoenix International Freight Services

WHAT’S NEW: A Miami, Fla., branch expansion.

THE VALUE: A new slate of service offerings and capabilities at this Florida branch provides a complete portfolio of logistics solutions while offering transshipment services for worldwide cargo to and from the Caribbean and Central and South America.

www.phoenixintl.com  ☎ 630-766-4445

Horizon Lines

WHAT’S NEW: The acquisition of Aero Logistics.

THE VALUE: Horizon Lines is spinning Aero Logistics, a full-service, third-party logistics provider, into its new integrated logistics division—Horizon Logistics. Aero Logistics designs and manages custom freight shipping and special handling programs for service-sensitive industries including high-tech, health care, energy, mining, retail, and apparel.

www.horizon-lines.com  ☎ 877-678-7447

EVA Air Cargo

WHAT’S NEW: Air cargo service to Houston.

THE VALUE: The Taiwan-based cargo carrier is operating two weekly freighter flights between Houston’s George Bush Intercontinental Airport (IAH) and Taipei, using a Boeing 747-400 freighter. The new service is routed through Anchorage, Alaska, on its departure from IAH, before landing in Taipei. The arriving flight departs from Taipei and includes stops in Anchorage and Chicago, before landing in Houston.

www.evaair.com  ☎ 281-219-1188

National Motor Freight Traffic Association

WHAT’S NEW: ACE-lerate service.

THE VALUE: This service helps companies involved in cross-border transportation transition to the new Automated Commercial Environment (ACE) trade processing system developed by U.S. Customs and Border Protection (CBP). ACE-lerate saves carriers time and money by eliminating redundant data entry, minimizing data entry errors, and reducing manpower to process documents. A major enhancement of ACE is the e-Manifest, an automated cargo manifest that carriers will be required to submit to CBP prior to their arrival at the border.

www.nmfta.org  ☎ 866-411-NMFC

Jacksonville, Fla.; Chicago; Cincinnati; Columbia, N.J.; and Los Angeles. Drop locations are strategically situated throughout the United States.

www.ge.com/railservices  ☎ 312-853-5143
Ryder
WHAT’S NEW: A premium freight service in Europe.
THE VALUE: This service is Internet-enabled to provide worldwide management of time-critical deliveries. Based at Ryder’s Transport Management Center in Dusseldorf, Germany, and managed on a 24/7 basis by its shipment planning and execution team, the offering provides a rapid, trackable, and accountable service for shipments that fall outside the scope of standard schedules and tariffs. It is backed by a Web-based system that provides full transparency of shipment billing and tracking throughout delivery and customer authorizations.

www.ryder.com  888-793-3702

DHL
WHAT’S NEW: Daily air service between the United States and Western Canada.
THE VALUE: Designed to meet the growing needs of companies shipping across the northern U.S. border, DHL’s daily direct service from its principal U.S. air and ground hub in Wilmington, Ohio, to Calgary, Alberta, with a subsequent stop in Vancouver, British Columbia, now offers earlier arrivals and later departures in the Calgary and Edmonton markets as well as shorter transit times to and from Vancouver. The service also enables next-day delivery for larger non-conveyable shipments.

www.dhl.com  800-CALL-DHL

Weber Distribution
WHAT’S NEW: A fleet of temperature-controlled trailers.
THE VALUE: The new acquisitions comprise a combination of 53-foot Great Dane trailers and 48-foot roll door utility trailers equipped with Maxxon 5,500-pound Tuck-a-Way lift-gates. Weber’s new trailer fleet also features electrical plug-in options, which allow units to use electricity during loading and at terminals, thereby reducing fuel consumption, diesel emissions, maintenance, and noise. The trailers also use a Star-Trak monitoring system that continuously transmits real-time data and automatically broadcasts an alert if a trailer performs outside its pre-set parameters.

www.weberdistribution.com  877-624-2700

Circumference America
WHAT’S NEW: A transportation company, Circumference America (CAI), and subsidiary Radius Rail.
THE VALUE: The new company is a non-asset-based transportation holding company with operating subsidiaries that focus on truckload, less-than-truckload, expedited, and intermodal transportation services. For intermodal and spot market door-to-door transportation, CAI executives created Radius Rail. It provides full-service intermodal (truck-rail-truck) transportation to freight brokers and shippers throughout the continental 48 states, Canada, and Mexico.

www.circumferenceamerica.com  904-899-0692

FFE Logistics
WHAT’S NEW: The opening of three branch offices.
THE VALUE: Three new branch offices in Atlanta, Kansas City, and Houston offer brokerage and logistic services, bringing the company’s total network to five facilities. The offices give FFE Logistics a local presence in each new market area and strengthen its customer and carrier relationships while providing improved service, communication, and response to local business partners.

www.ffelogistics.com  800-569-4510

TNT
WHAT’S NEW: A standardized international and domestic service portfolio.
THE VALUE: Adding two new time-guaranteed services—10:00 Express and 12:00 Economy Express—to the existing 9:00 Express and 12:00 Express expands TNT’s morning delivery options. With the new offering, TNT recognizes shippers’ need for guaranteed morning delivery, more service choices, and less complexity through service alignment.

www.group.tnt.com  800-558-5555

Crown Equipment Corporation
WHAT’S NEW: An application designed for reach trucks dedicated to freezer environments.
THE VALUE: Crown Equipment Corporation’s ThermoAssist and ThermoAssist+ offer cold storage companies an economical and ergonomic solution to improving operator comfort and safety in freezer environments. ThermoAssist includes pad heaters for the back and arm, a console enclosure, and a mast air deflector that redirects airflow away from the operator. ThermoAssist+ provides warm air to the multi-task handle and steer tiller through adjustable vents. A leg and foot warmer, available on certain models, directs heat at the operator’s feet and lower legs for added comfort.

www.crown.com  419-241-2220
Wallenius Wilhelmsen Logistics
WHAT'S NEW: The opening of a Technical Services Center in Australia.
THE VALUE: Wallenius Wilhelmsen Logistics (WWL), a global logistics provider to the vehicle industry, has opened a new Technical Services Facility in Kemblawarra, New South Wales, south of Sydney. The new facility provides increased site and storage capacity for vehicles, greater accessibility, fast turnaround, quick delivery times, and close proximity to WWL’s ro/ro berths at Port Kembla.
www.2wglobal.com  ☎ 201-307-1300

Dayton Freight Lines
WHAT'S NEW: Three service centers in Iowa.
THE VALUE: Dayton Freight’s Cedar Rapids facility was recently relocated, and two new service centers have opened in Des Moines and the Quad Cities. These moves and additions are designed to place Dayton Freight closer to its customers, provide flexibility, and improve delivery times.
www.daytonfreight.com  ☎ 800-860-5102

Velocity Express
WHAT'S NEW: An expansion of its national network through a franchising strategy.
THE VALUE: Velocity Express has unveiled plans to expand its national delivery network through franchising. The company’s new subsidiary, Velocity Systems Franchising Corporation, is responsible for developing franchise agreements with local and regional delivery companies in markets not currently served by Velocity Express.
www.velocityexpress.com  ☎ 888-839-7669

MHW Group
WHAT'S NEW: The opening of Perryville Cold Storage.
THE VALUE: MHW Group has opened its newest public refrigerated cold storage facility in Perryville, Md. With a focus on serving the needs of the food industry, Perryville Cold Storage was designed for both bulk and pick storage racking with more than 42,000 available pallet positions. Perryville Cold Storage accommodates high-volume rail and truck traffic utilizing 33 truck dock doors, eight rail doors, a railcar storage track capacity of 50 cars with a dedicated owned switch engine, a 60-foot refrigerated dock, and a 100-plus capacity trailer staging area.
www.mhwgroup.com  ☎ 443-738-8700

International Truck and Engine and Johnson Refrigerated Truck Bodies
WHAT'S NEW: A new way for trucks to keep shipments cool.
THE VALUE: International Truck and Engine Corporation and Johnson Refrigerated Truck Bodies have teamed up to launch RouteMax, a self-powered, extended-route cold plate refrigeration system used exclusively in Johnson truck bodies. The technology keeps food and beverage shipments cool—as efficiently as possible—while in transit exclusively on International DuraStar trucks.
www.internationaltrucks.com  ☎ 800-44-TRUCK
www.johnsontruckbodies.com  ☎ 800-922-8360

Crowley Maritime Corporation
WHAT'S NEW: Bigger, faster ships in the Caribbean Islands service.
THE VALUE: Crowley’s liner services group is enhancing its weekly, fixed-day Caribbean Islands service with the addition of two new, bigger, faster containerships. Each ship offers about 200 more TEUs of capacity and twice the number of reefer plugs than the ships they are replacing. The new ships are about two knots faster, resulting in improved transit times and schedule integrity.
www.crowley.com  ☎ 904-727-4295

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Logistic Dynamics Inc. • www.logisticdynamics.com

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BNSF Logistics • www.bnsflogistics.com

BNSF Logistics creates, implements, and executes high-value logistics solutions for customers by utilizing experienced logistics professionals; leading logistics technology; multi-modal execution including LTL, truckload, intermodal, and rail; and a deep understanding of its clients’ business. Ultimately, blending these factors together enables BNSF Logistics to become your most valued partner - the most critical link in your supply chain. Visit www.bnsflogistics.com for more details.
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