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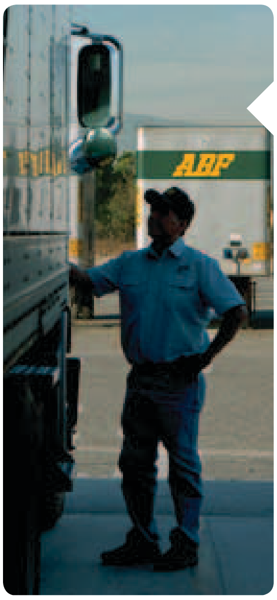

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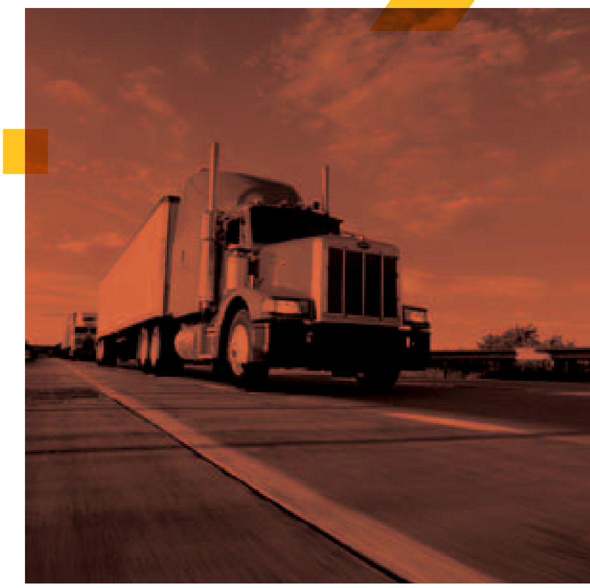

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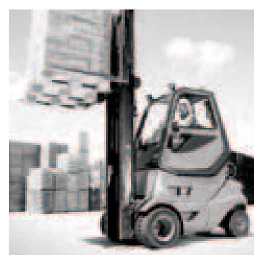

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CHECKINGIN

Felecia Stratton

by Felecia Stratton | **Editor**

Freight at Rest is Freight at Risk

Today's stressful economic conditions are driving thieves to steal everything that's not nailed down—from railroad tracks to copper wiring. Truckers and their customers have had to deal with the cargo security issue for as long as the five-finger discount has been around. As part of our special Trucking Safety issue, we asked motor freight carriers what strategies they employ to keep your cargo safe. Here's what they told us:

- Have the right tools—better locks, upgraded cameras, fingerprint scanning, visibility technology, spying devices inside the shipment itself, location devices in the truck and vehicle, fences, lighting, kingpin locks, and others.
- Add armed guards at terminals.
- Take extra precautions on holidays.
- Provide continuous security training for all drivers and terminal personnel.
- Conduct more thorough background checks on drivers.
- Park the truck so it can't be opened.
- Train workers to understand that freight at rest means freight at risk. Your best weapon is to keep the freight moving.
- Caution drivers to be observant when their trucks are loaded and to drive without stopping for 300 miles.
- Route trucks to avoid crime-ridden areas.
- Only take freight that is too big to steal.
- Stop soliciting high-value cargo.
- Become more aggressive on theft recovery.
- Add a bottom well to your trucks for hiding high-value cargo.
- Equip trucks with panic alarms.

While a few carriers are installing panic alarms, they are not panicking. Most carriers are approaching security thoughtfully and deliberately. In fact, some asked us not to publish the safety and security steps they are taking. But we can safely say carriers are working diligently to make sure your shipments get where they need to be. Are your carriers doing enough? Could they do more to secure your shipments? Tell us here: http://bit.ly/IL_Secure. ■

inbound logistics

Vol. 31, No. 9 September 2011

THE MAGAZINE FOR DEMAND-DRIVEN LOGISTICS

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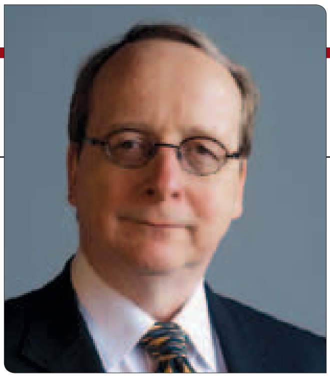

[**INPERSPECTIVE**]

BY PERRY A. TRUNICK
Associate Editor, *Inbound Logistics*
ptrunick@inboundlogistics.com

It's Time for Freight Classification Reform

If the volatile economy hasn't made the case, demographics might. The motor carrier pricing structure needs an overhaul.

It's not a new argument that the legacy National Motor Freight Classification (NMFC) standard, which groups commodities moving in interstate, intrastate, and foreign commerce into one of 18 classes, is cumbersome and complex, and doesn't mesh with today's freight market realities. Raise this discussion at an industry conference and watch the room divide into two factions–more like a scene from *West Side Story* than a professional association meeting.

The NMFC uses density, stowability, ease of handling, and liability to classify freight. Before starting a rumble, consider that the NMFC retains some strengths.

Using density to classify freight makes sense because carriers are selling space on a trailer. A shipment's weight and cube is the lowest common denominator in a less-than-truckload environment where carriers mix different commodities from different shippers.

Stowability overlaps with density because some freight characteristics can affect efficient loading. Restrictions on top loading or the shape of a load, for instance, can require the space above the load to go unused. Density and weight alone don't account for this.

Strap an automotive exhaust system to a pallet, slap on a label, and you have a unitized load, but not one that can be handled in a mixed-freight environment without special care. This extreme example, offered by an LTL terminal manager, hits density and stowability, as well as ease of handling. And, it leads right into liability because there is probably no chance a fast-paced freight terminal can process that load without damaging it.

A simplified approach to describing shipments in the terms used by the NMFC would go a long way toward keeping its strengths. Give the task to an 11-year-old and perhaps we'll get an app for that.

One reason we need more simplicity is that fewer people understand the nuances of the legacy tools we're using. As a professor told a group at last year's Council of Supply Chain Management Professionals conference, once he retires, no one in his department will know the NMFC. How will we teach it if we are losing that experience and knowledge base? We'll be sending new logistics professionals into the field who are NMFC-illiterate.

A newer generation may have the advantage because they'll hear the freight classification arguments as they evolve. Lane balance and lane density issues will always enter into pricing. Accessorials for extra services are also relatively easy to explain. But, how do you price for time? Not speed, time.

Dock inefficiency at origin and destination eats up driver hours. Shorter hauls with more stops and more traffic reduce the efficiency of a driver's available hours. Mileage-based compensation doesn't fit nearly as well in this environment, and this is the environment we are working in.

We're coping with a complex pricing tool to identify freight characteristics, then rolling right into an increasingly complex system to price that load's movement. For the sake of shippers, carriers, and consignees, we need to focus some resources on reforming pricing structures. Economic deregulation should have opened up an opportunity, but our attachment to legacy systems has created a jumble rather than a hybrid.

The only place to discuss pricing structure collectively is under the umbrella of the classification system. Let's get it done. ■


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River Rocks

I have always believed hard writing is easy reading. Joseph O'Reilly's article *On the Road Again: New Times on the Mississippi* (July 2011) took that to another level. What a wonderful piece. In my small circle of friends and business partners, you have made a huge impact on behalf of the industry by which I make a living. Your article is causing those not familiar with river transportation to want to gain a better understanding. How do we ever thank you for creating such interest?

—**Paul Wellhausen,**
President, Lewis & Clark Marine Inc.

Local Pride, Global Impact

Your article on the Mississippi River (July 2011) is making the rounds in the Hazelwood, Missouri, region. It's a good reminder of what we often forget about the river's importance in the global economy. Well done!

—**David Cox,**
Economic Developer, City of Hazelwood

Tech Tools

I recently read *Inbound Logistics'* 3PL super-issue (July 2011). Very impressive book, with a very creative theme. I was struck, however, with the minimal attention paid to logistics technology. Fifty-five percent of service providers cite technology investment as their most important challenge.

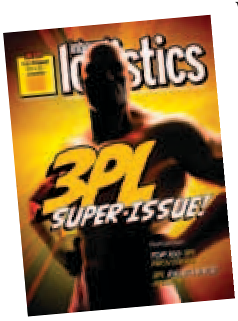
—**Karen Hanna,**
Public Relations Project Manager,
The Hardman Group, on behalf
of TMW Systems Inc.

Editor's Note: We agree that technology plays an inextricable role in logistics operations. Check out our April 2011 issue, which is devoted entirely to logistics technology and how shippers and service providers use it to best advantage.

Super CEO

We really enjoyed seeing the cover of your July 2011 issue, especially since, over the past few months, we have been planning our annual Founder's Day around the theme "Daring to Lead," with super heroes as symbols of what leaders and employees need to strive for. On the day we received your issue, we were taping our CEO Ann Drake, dressed as a super hero, for a video that will introduce the theme to our 2,000-plus employees over the next several weeks.

—**Tracy Drake,** Director, Marketing
Communications, DSC Logistics



Inbound Logistics
July 2011 issue

tweetlog

tweeting it forward:

aimroach1 amy roach partridge
Interesting thought: RT @RDCushing: If the end-user hasn't bought, nobody in the #SupplyChain has sold.

pfmurray Patrick F Murray
@ILMagazine #cloud technology presents enormous cost savings to any #logistics driven operation. Which is pretty much everything.

DebCM Debbie Curtis-Magley
Got my "tree-hugging logistics" hat on today. Great story from @ILMagazine on power of reverse logistics to drive green fb.me/Z6vq7HHW

SCM_tweets JT's SCM Tweets
Happy to see former colleague David Fisher in @ILMagazine's "Reader Profile" this month. #colorado #logistics

10TIPS

STEP-BY-STEP SOLUTIONS

by Deborah Catalano Ruriani

Building Efficiency Into Your Supply Chain

When it comes to supply chain efficiency, information is king. The more you know, the better you can manage the process and engineer improvements. Ellen Fontaine, general manager, strategic planning and business development, at Georgetown, Ky.-based third-party logistics provider VASCOR Ltd. offers this advice for boosting supply chain efficiency.

1 **Seek opportunities to optimize.** Optimization can provide reliable decision support for supply chain challenges such as network design, route mapping, and load building.

2 **When in doubt, simulate.** Although the time and expense required to run simulations make them impractical for some supply chain functions, they provide value by showing how solutions will play out in the real world. Don't waste a single dollar or minute on a solution that works in theory, but not in reality.

3 **Pay for carrier quality.** Using the cheapest carrier can backfire if it results in significantly increased damages or delivery delays. Some carriers' performance records justify the slightly higher rates they command.

4 **Invest in 20/20 visibility.** The earlier and more frequently you begin using visibility systems–preferably at the order management level–the better you'll be able to avert supply chain disruptions, reduce the need for excess inventory, and limit substandard supply chain performance.

5 **Implement crossdocking.** Flow-through warehousing facilities allow you to seamlessly receive, organize, and precisely time the delivery of most key components in your supply chain. These facilities can also provide value-added services, such as sequencing or sub-assembly.

6 **Inspect and protect.** Hire a logistics representative to inspect products for exceptions before they're transferred from the production to the logistics phase. Charge professionals with preventing damage and removing compromised shipments at key hand-off points, such as during loading and tie-down, and at the end of a transit.

7 **Make your claims pay their way.** Damage claims are a valuable source of insight that can lead to better performance. Invest in systems that help your company collect and analyze claims data–including mode, carrier, and location–so you can identify damage trends, determine root causes, and pinpoint responsibility. Use what you've learned to perfect your operations.

8 **Establish a formal safety program.** Although most logistics locations have safety and accident-prevention efforts in place, that's no guarantee your employees are as safety-minded as they should be. Increase your "safety spend," and your company could dramatically reduce incidents.

9 **Institute formal quality-improvement programs.** Invest in Lean, Six Sigma, and other initiatives. These programs often don't require a huge capital commitment for training, especially if you adopt a grassroots approach to train a few key employees, then let them educate the others.

10 **Get help where you need it.** From freeing up capital to getting a faster start in a key market, there are many reasons why it may be more expedient or cost-effective to outsource part of your supply chain to an outside provider. Choose a 3PL that employs supply chain efficiency strategies designed to benefit your company. ■

R E A D E R

PROFILE

as told to Merrill Douglas

Angela Duesterhaus is logistics and export compliance manager at PAS Technologies. Headquartered in North Kansas City, Mo., PAS repairs and overhauls aerospace and industrial components such as gas turbine engines, airframe parts, and oil field equipment. Along with its facilities in North Kansas City, the company runs operations in Ohio, Florida, Arizona, Singapore, Ireland, and Romania.

RESPONSIBILITIES:

Corporate-wide inbound and outbound transportation strategy and processes, transportation technology, export compliance.

EXPERIENCE:

Account representative, Emery Worldwide/UPS Supply Chain Solutions; manager of operations support, Clicklogistics; solutions specialist supervisor, Con-way Air; legal assistant, Miller & Co.; logistics manager, Freightquote.com; regional supervisor, modal manager, YRC Logistics.

EDUCATION:

A.A.S., Metropolitan Community College Kansas City, 1993; B.S., business management, Baker University, 2010.

Angela Duesterhaus: Joining the Jet Set

ONE OF THE SCARIEST DECISIONS I'VE MADE IN MY career was taking a job with a shipper after many years of working for service providers. I was concerned that I might lose track of industry trends.

Then I realized that I could still stay up to date, and my knowledge would help me as a shipper. I would be just as wise as the sales reps who came to sell me their services, and my inside knowledge would help me when I needed to ask them tough questions.

When I took this job, my first mission was to evaluate existing transportation strategies and processes, first at our North Kansas City plant, then at our other locations. The goal was to see where our spend was and determine where we needed to shift modes and create alternate routings. We will eventually extend this process to our other plants, as well.

Our service to customers is based on very tight turnaround times. We have between 21 and 28 days to move a component from a customer's dock to one of our plants, repair it, and return it. Expedited air freight might be the exception for many shippers, but for us, it's the rule. Part of what keeps me awake at night is trying to figure out how to help speed our transportation even more.

That means looking at the services different carriers offer and who has the best lanes for particular customers. It also means working with our sales reps to make sure customers understand the benefits of routing their freight in a particular way.

One of my current priorities is implementing a new transportation

The Big Questions

How do you recharge your batteries?

I travel – my husband and I are always planning our next big trip. And I love to work out. I do some of my best thinking on the treadmill at 4 a.m.

Hidden talent?

Cooking. My husband says I won his heart with my stuffed shells and marinara sauce. But my personal trainer says I have a mean right punch, so maybe my hidden talent is boxing.

A career achievement that makes you proud?

In previous jobs, I took part in negotiations through which my companies won some very large contracts. I'm proud of that, but I prefer to focus on what I might accomplish in the future.

What's on your Bucket List?

My great aunt traced our family heritage back to the 1600s in Germany. It would be neat to go there, follow some of my family lines, and see where I come from. I'd also like to ride a zip-line.

Favorite quote?

Truckers make the world go round.

management system. The users of this system will include employees who purchase materials for our manufacturing operation.

Once we start capturing their data, I'll be able to grasp what we're spending on freight for product coming into the plant—something we've examined before—and possibly find some savings.

I'm also helping make the transition to a new freight audit vendor that's more technology-savvy than the old one. As this vendor comes on board, we'll start using electronic data interchange for the first time. Not only will that make our carbon footprint a little smaller by eliminating paperwork, but it will allow us to manage our invoices more efficiently.

I learn a lot from new projects like these, of course, but it's also important to learn from experiences that don't turn out so well. One important opportunity arose when I applied for a new position within one of the companies I worked for previously and didn't get the job.

I asked some of the interviewers how I might improve my chances next time around. They pointed out that I was fairly new to the company; I didn't know enough about the different players and their relationships. The lightbulb went on: I needed to use my skills not only to do my own job, but also to network within the company.

I asked my boss to start including me in conference calls and meetings so I could meet more people and learn how various company decisions affected them. This worked out well – it gave me an advantage when a new position opened in a different department. I got that job, and it turned out to be a perfect fit. ■

NOTED

THE SUPPLY CHAIN IN BRIEF

SEALED DEALS

Third-party supply chain management firm **TBB Global Logistics** has signed a new three-year contract with global boiler and radiator manufacturer **Burnham Holdings Inc.** to provide domestic transportation management services through its Supply Chain Guardian brand. TBB Global Logistics has been providing international transportation management services under the Supply Chain Guardian brand to three Burnham Holdings subsidiaries for several years, including the handling of inbound containers from France and China.

▼ Global logistics provider **Agility** and mobile technology company **Nokia** have launched a major supply chain initiative. After a two-month trial on shipments from Hong Kong to Nokia's factory in Romania delivered double-digit transportation cost savings, 100-percent on-time performance, and zero damage to goods, while cutting total transit time by half, Agility and Nokia expanded the program to include mainland China.

Pendum LLC, the nation's largest independent provider of ATM equipment maintenance solutions, has selected **Choice Logistics** for strategic stocking of mission-critical service parts throughout the United States.

UP THE CHAIN

H. D. Smith, among the nation's largest pharmaceutical wholesalers, appointed **David Guzman** as chief information officer. In this role, Guzman is responsible for developing and implementing information technology initiatives to advance H. D. Smith's supply chain and cost-management systems.

GREEN SEEDS

Damco, a global freight forwarding and supply chain management solutions provider, now offers an online calculation of carbon dioxide emissions. By logging into myDamco, customers can track CO_2 emissions for all products shipped by ocean and air.

m&a

TMSi Logistics, a distribution, technology, and integrated logistics provider, acquired **Griffin Global Logistics,** a third-party global supply chain company that offers international and domestic transportation, customs brokerage and compliance, supply chain management, multi-client warehousing and distribution, and information technology services. This acquisition enables TMSi Logistics to increase exposure and market share in the West Coast region, and provides more opportunities to serve the supply chain needs of Fortune 500 companies.

Specialized Transportation Inc. (STI), a provider of customized supply chain solutions for products that require high-touch support, special handling and equipment, and value-added on-site services, has been acquired by **CRST International Inc.** The acquisition supplements CRST's current business of expedited van, flatbed, dedicated fleet, and transportation management services by providing access to a new network of agents and 45 distribution centers in key metropolitan areas in North America.


Outstanding Performance Trophy
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The Outstanding Performance Trophy is presented once a year by National Tank Truck Carriers, Inc. and Heil Trailer International in a competitive safety contest that is designed to recognize both the corporate commitment to safety combined with measured safety performance.
For 2010 A&R Logistics was selected for this prestigious honor. While we are grateful for this recognition, we believe the real honor goes to all the A&R employees that make safety their highest priority every day for themselves and for our customers.
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TRENDS

SHAPING THE FUTURE OF LOGISTICS

To Buy or Not to Buy: Truckers Brake on New Equipment

by Joseph O'Reilly

The threat of a double-dip recession and the promise of capitalizing on a yet-to-be-seen capacity shortage have motor freight carriers wavering on whether to invest in new equipment, according to a recent business expectation survey conducted by Chattanooga, Tenn.-based consultant Transport Capital Partners (TCP).

Carriers were split when asked if they are getting an adequate return on their investments, thereby justifying further equipment purchases.

Only 53 percent of motor freight carriers responded that they are getting an adequate rate of return, while 47 percent say they are not. Just 45 percent of smaller carriers (less than $25 million in revenues) believe they are receiving adequate returns compared to 57 percent of their larger counterparts.

"Carriers are hesitant to purchase new equipment, and new orders are clearly oriented toward replacement needs, as the desire to add capacity is the same for the last four quarters of the survey," says Richard Mikes, TCP partner and survey founder.

The survey also asked carriers what operating ratio is necessary to get a reasonable return on investment, with 82 percent of trucking companies reporting that the sweet spot is between 87 and 94 percent.

AAR, Amtrak Relations Derail


Amtrak's poor performance hampers host freight railroads, according to AAR charges.

The Association of American Railroads (AAR) is suing the federal government for giving Amtrak the "authority to promulgate binding rules governing the conduct of its contractual partners–the freight railroads."

Such authority gives Amtrak an unfair political advantage, hampering host freight railroads due to the passenger carrier's poor on-time performance record and inability to generate revenue sufficient to cover its operating costs, the AAR contends.

AAR is challenging the constitutionality of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), which gives Amtrak and the Federal Railroad Administration the power to develop or improve existing metrics and standards for measuring the performance of intercity passenger train operations.

Amtrak advocates note PRIIA is intended to address Amtrak's on-time performance issues, which they charge are exacerbated by freight railroads giving Amtrak short shrift as a tenant and failing to comply with the spirit–and sometimes the letter–of earlier law.

PRIIA's metrics and standards section

establishes performance standards for Amtrak, says the AAR, but relies heavily on "conductor delay reports" as evidence for determining whether railroads are at fault for Amtrak missing its marks. If an Amtrak train falls below 80 percent of the on-time standard for two consecutive calendar quarters, the Surface Transportation Board can investigate Amtrak or the host freight railroad. The Board has the authority to order host rail carriers to pay damages to Amtrak.

Amtrak owns most of the Northeast Corridor, as well as offshoots such as Pennsylvania's Keystone Corridor and its New Haven-to-Springfield route in Connecticut and Massachusetts, along with right-of-way stretches in New York and Michigan. The majority of its route structure, however, operates over freight railroad rights-of-way, with Class I railroads hosting most of the network.

Service Parts Get Best-in-Classy

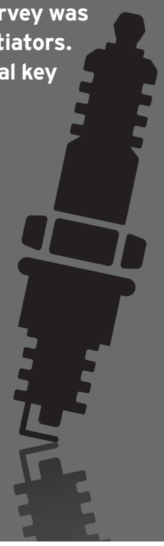
When it comes to the service parts supply chain, integration is key to performance and improvement, according to an Aberdeen Group survey of more than 200 service parts and logistics operations. The survey was designed to identify emerging best practices and key differentiators.

Organizations that are viewed as best-in-class share several key characteristics:.

41% are more likely than others to have a senior executive with oversight of service parts management.

23% are likely to update parts forecasts in real time based on inventory use.

28% are likely to capture and analyze customer and product service parts data to help forecast demand.



Amazon Keeps Learning

A 50-percent-plus year-on-year rise in sales during 2011's second quarter caused Jeff Bezos, Amazon's founder and chief executive, to comment: "Low prices, expanding selection, fast delivery, and innovation are driving the fastest growth we've seen in more than a decade."

Now that it is officially selling more e-books than print books, and brick-and-mortar competition from Borders has crumbled, Amazon is looking to reinvent itself as a new-media innovator. While Barnes & Noble has cornered the traditional book-buying market and college bookstore operations, Amazon's transition to digital content, and the technology that supports it, has enabled it to grow at pace.

> Amazon's aggressive development of proprietary new products is only matched by its **supply chain acumen.**

Amazon's Kindle e-book reader has been a resounding success, and its shrinking price point has expanded the appeal of digital readers and content to consumers. The company also plans to launch a tablet product to compete with Apple's iPad.

Even as sales soar, Amazon's profits have dipped as a result of continuing investment in the business. The company's aggressive development of proprietary new products is only matched by its supply chain acumen. The retailer has generated a lot of buzz with several highly charged and publicized disputes over state sales tax. Perhaps as a consequence, Amazon has been quietly orchestrating a strategy for expanding its warehouse and data center network in tax-friendly states.

Amazon recently announced it would open a 900,000-square-foot warehouse in Plainfield, Ind.—its fourth in the state—as well as a fourth distribution center in Arizona.

Its original 2011 plan was to open nine new fulfillment centers, according to Chief Financial Officer Thomas Szkutak. But that total has now risen to 15, and Amazon may expand beyond that as its distribution network follows the growth of its product portfolio.

CSA Confusion Raises Concern

One challenge facing the Federal Motor Carrier Safety Administration's (FMCSA) Compliance, Safety, Accountability (CSA) truck-safety monitoring program is clarifying its rules. This is still a major hurdle, judging from a recent survey of 4,555 U.S. truck drivers conducted by the American Transportation Research Institute (ATRI).

While findings reveal that truck drivers have myriad concerns related to CSA, ATRI discovered that most drivers don't have a solid understanding of what CSA is and does.

Among the survey findings, 77 percent of drivers incorrectly believe that a trucking company inherits past violations from new hires. Job security concerns also exist, with nearly two-thirds of drivers somewhat or extremely concerned that they will lose their jobs as a result of CSA.

"Motor carriers, state trucking associations, and FMCSA collectively need to do more to educate drivers about CSA, and what it does and does not mean for their jobs," notes Ed Crowell, Georgia Motor Trucking Association President and CEO. ■

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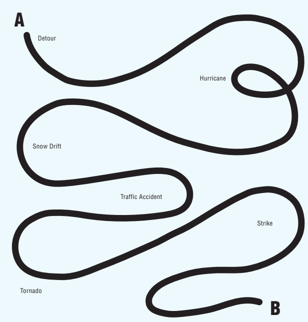

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HEY–WHERE'S MY CONTAINER? WHERE'S MY FREIGHT CAR?

GLOBAL

THE WORLD AT A GLANCE by Joseph O'Reilly

Companies such as KAYAK and Google are drawn to Zurich's business-friendly climate.

Swiss Attraction? Bank On It

Even as Europe's economic prospects remain mired in uncertainty, Switzerland continues to attract foreign investment. To date in 2011, "the island of stability" scored a number of new and expanded investment opportunities.

"By mid-year, at least 24 projects from North America landed in Switzerland, generating an estimated $625 million in investment and leading to about 1,737 new jobs," says Daniel Bangser, director, North America for Switzerland Trade & Investment Promotion. Among those projects:

- Newell-Rubbermaid established a new EMEA headquarters in Geneva.
- Hewlett-Packard opened a Cloud Service Center in Zurich.
- Nestlé/General Mills' joint venture, Cereal Partners Worldwide, built an Innovation Center in Orbe.
- KAYAK opened a European headquarters in Zurich.
- J.P. Morgan increased its private banking team in Geneva from 650 to more than 1,000, and doubled its staff in Zurich.
- Johnson & Johnson acquired Swiss medical devices maker Synthes, valued at more than $21 billion.
- Google expanded in Zurich, adding 300 employees at its development center.
- Staples entered a strategic alliance with Swiss office products company Büro Schoch Direct AG.
- Dow Chemical expanded its packaging facility in Horgan.
- Hasbro opened a new administrative building in Delémont.
- Philip Morris selected Neuchatel for its European research site.

"Switzerland is often mentioned as a low-tax country," explains Bangser. "But an Osec Business Network Switzerland study reveals that taxes rank 11th in a list of factors why foreign companies set up operations there. Political stability, legal security, quality of life, social climate, purchasing power, and transport and logistics make up the first five."

Getting Ready for The Panama Canal, Mon

U.S. ports aren't the only authorities freshening their sails and brushing a new coat of paint on terminal operations in expectation of a container surge following the Panama Canal expansion.

French container shipping carrier CMA CGM Group recently signed a memorandum of understanding (MOU) for the operation, equipment, and expansion of the Gordon Cay Container Terminal in the Jamaican port of Kingston,

The Port of Kingston plans a $200-million facility upgrade to capitalize on the influx of larger vessels expected when the Panama Canal expansion is completed in 2014.

for a minimum of 35 years. The MOU marks the start of a major investment program before the terminal is fully commissioned in 2015–a year after the Panama Canal's expansion is complete.

The project to widen the Panama Canal will require a major shipping reorganization, particularly in the Caribbean and North America region. The new Panamax vessels, with capacities up to 12,500 TEUs, will be able to cross the Canal, compared to the current limit of 4,000 TEUs. Transport distribution will only be possible from a hub that can accommodate these giants, which is currently not the case for most ports in the Caribbean and on the U.S. East Coast.

Developing a central hub in Kingston will allow CMA CGM to take full advantage of these changes.

Deflation Key To Asian Growth

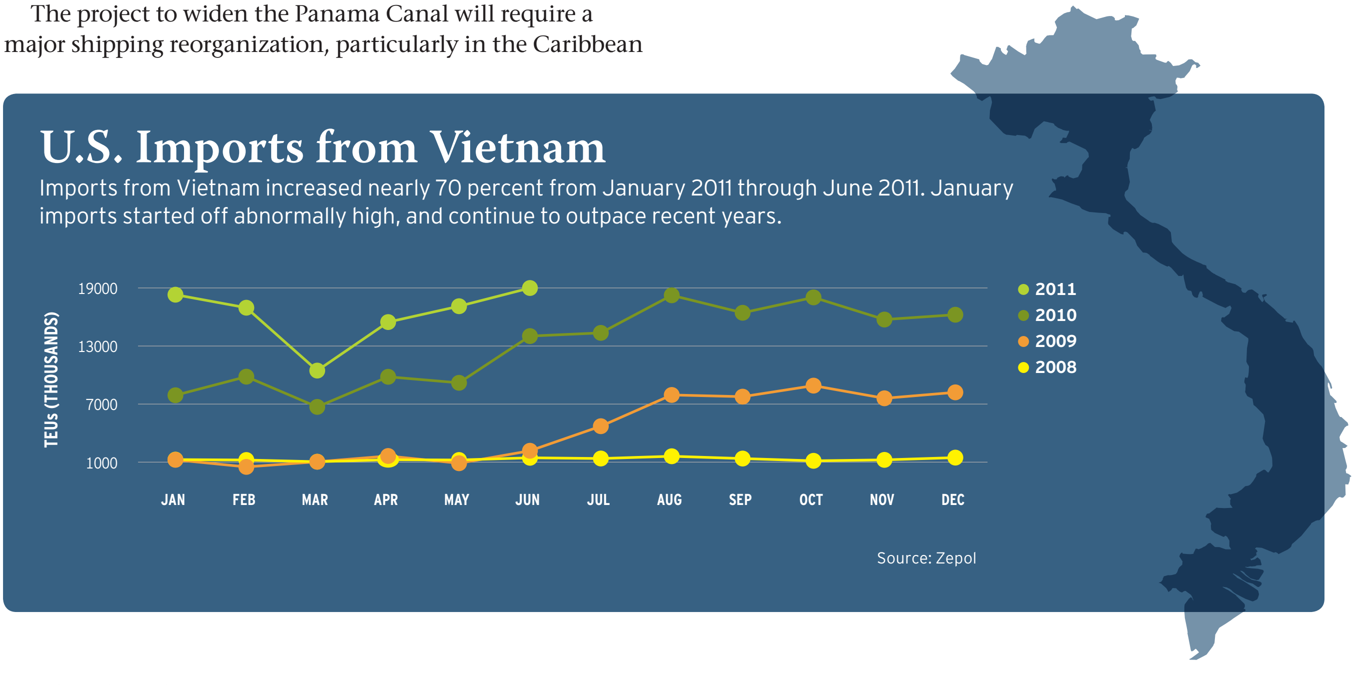
Inflation remains the chief economic hurdle for Asia, and the impact of the global economic slowdown is not sharp enough to constitute a major threat to growth moving forward, according to the Asian Development Bank.

The Manila-based financial institution adds that containing inflation should remain an economic priority, but that central banks generally have it under control.

With U.S. and European currencies–notably the euro–dropping to new lows, there has been concern in China that slowing exports as a result of rising costs and decreasing purchasing power could have a negative effect on the country's economic prospects.

Europe is a top target for Chinese-manufactured goods, and the strength of the euro has historically helped China hold down the value of its currency and make exports cheaper and more attractive. The yuan is linked to the U.S. dollar, and the weak dollar has helped both the yuan and the euro retain their value.

A declining euro, however, would mean a stronger dollar and a higher yuan.



Irish Lorry Worry

In an emerging dispute reminiscent of the U.S.-Mexico cross-border impasse, Irish truckers and their trailers are being impounded at west coast UK ports over government complaints that haulers are operating illegal cabotage (cargo carriage between two points within a country by a vehicle registered in another country).

Many Irish trucking companies send unaccompanied trailers to ports in Liverpool, Fishguard, Pembroke, and Holyhead. Irish drivers stay overnight near the ports, then pick up trailers the next day. The UK government claims British carriers should collect the trailers.

"It doesn't make sense for Irish drivers to keep going back and forth when they know they will have more loads for Britain," explains Eoin Gavin, president of the Irish Road Haulage Association (IRHA). "The stay in the UK also acts as an official break from working hours."

The IRHA is lobbying the Irish government to persuade Westminster to classify the four relevant ports as international so that existing cabotage rules will not apply. Currently, an Irish motor freight carrier is allowed to make three journeys in the United Kingdom–but any trip involving a UK port is considered one of those trips.

If the ports were classified as international, collection from and drop-off at a port would not be seen as a domestic movement.

UK Port Tips Wind Power

The Port of Hartlepool recently called upon the UK government to clarify its renewable energy policy in an effort to establish British ports as centers of excellence and innovation in wind energy development.

The northeast England port, which is part of the PD Ports Group, says it is imperative that the government has a direct, clear, and positive view of the renewable energy sector, including Renewables Obligation Certificates (ROCs), funding, and planning.

"There is a major reluctance to invest in this sector until the government sets the level for ROCs, which will determine the proportion of power UK electricity suppliers must generate from renewable sources," says David Robinson, CEO, PD Ports Group. "Government delay in specifying the ROC level causes great uncertainty in the market and does not give international companies clear incentive to invest in UK facilities."

Despite these restrictions, the Port of Hartlepool is already building a reputation as a center of wind energy excellence. The port is home to JDR Cable Systems, a cable manufacturer for renewable energy projects, and Heerema Fabrication Group, which fabricates complex structures for the offshore oil, gas, and energy industries. [ ]

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VIEWPOINT

by Tom Kampf

Refrigerated Trucks Haul More Than Just Perishables

It may come as a surprise that "perishable goods" include items more diverse than fresh fruits and vegetables, meats, frozen foods, and dairy products. Today's truck and trailer refrigeration systems, known as reefers, also keep other high-value loads at ideal temperatures and humidity levels so they arrive safely at their final destinations.

Prompted by regulations and economics, the cold chain has broadened. More loads than ever require climate-controlled handling, including:

- **Pharmaceuticals.** Commonly used drugs such as insulin and the seasonal flu vaccine must be shipped and stored at temperatures between 35˚F and 46˚F to prevent spoilage and contamination.
- **Tobacco products.** Cigarettes, cigars, and other high-value tobacco items require strictly controlled temperature levels to preserve freshness and quality.
- **Personal care products.** Cosmetics, perfumes, and other personal care products must be protected against the possibility of spoilage during the journey from factory to warehouse to store. Lipstick, for example, can easily melt unless proper trailer temperatures are maintained.
- **Fine art and antiques.** Controlling humidity and temperature is vital for shipments of art, antiques, collectible vehicles, and other valuable items. These items often travel long distances in a controlled climate of about 70˚F.
- **Chemicals and engineered materials.** Climate control helps reduce the chance of a chemical reaction that could result in a fire or explosion, or affect the load's quality.

KEEPING COOL

Today's fleet operators have technology to thank for transportation refrigeration systems that are more efficient, reliable, and flexible than those built even one decade ago. For example, today's refrigeration systems enable fleet managers to precisely set the temperature, airflow, and operating mode that are most appropriate for the load they are carrying.

With multi-temperature units, fleet managers also have the ability to choose temperature and humidity settings for different zones to match load requirements.

Fleet managers can improve load safety and security by installing redundant refrigeration systems that ensure optimum environmental conditions are maintained, even if the primary refrigeration unit fails. Other advancements include ultrasonic fuel sensor technology, which provides timely, accurate information on refrigeration unit fuel levels.

Control system innovations, including smart reefer controls, enable fleet managers to monitor truck and trailer fleets remotely from a central location. Using cellular communication technologies, fleet managers are able to monitor environmental conditions inside every trailer in the fleet simultaneously to ensure that prescribed load conditions are being maintained.

Load safety and security can also be improved through technologies such as geo fencing, which alerts the driver and fleet manager if a truck or trailer is moved outside a prescribed area before its scheduled departure time.

In addition, today's refrigeration systems are more energy-efficient and environmentally responsible than ever. Most use non-ozone-depleting refrigerants and run on a five-percent biodiesel blend. They are estimated to be 85 percent quieter and 10 to 20 percent more fuel-efficient than previous units.

Thanks to these technologies, shippers know their temperature-sensitive loads will arrive in perfect condition. ■

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3PLLINE

by Chris Cline

Drawing Value from Managed Drayage Solutions

Many shippers view drayage (the service offered by a motor carrier for pickup and delivery of ocean or rail containers) as a necessity and a fixed cost. But new approaches to drayage can bring significant savings and benefits to both shippers and drayage carriers.

Traditionally, shippers have either relied on steamship lines to secure drayage services for them, or contracted directly with drayage carriers. While both approaches have advantages, cost-efficiency is not one of them.

Most drayage drivers are owner-operators who contract with smaller trucking companies, and are therefore expected to cover the costs of operating and maintaining their trucks. To make a sustainable living, drivers must pass along to customers the cost of fluctuating fuel prices, resulting in increased costs for shippers, as well.

ENLISTING HELP

Consequently, many shippers are turning to third-party logistics providers (3PLs) for managed drayage services. While this may seem to impose the extra costs of a middleman, many shippers find numerous advantages to outsourcing this function.

First, 3PLs often have enough buying power to leverage lower rates from drayage carriers, and can pass along a portion of those savings to shippers. For drayage carriers, the prospect of steady, repeat business from the 3PL and its clients is well worth the discounting.

Another advantage to the managed-dray approach is the ability to enhance drayage carrier efficiency by combining round-trip freight. Shippers who deal directly with drayage carriers routinely have to pay round-trip rates, because once the carrier gets the goods from Point A to Point B, it has to make a deadhead return trip with empty vehicles. Carriers must factor this unproductive time into their pricing.

3PLs can often match drayage carriers with return-trip shipments, sparing shippers round-trip rates. In addition, drayage carriers can charge less for each leg of the trip, because they can proportionately distribute their increased costs across multiple shippers in one shipment.

Shippers may be tempted to negotiate directly with a drayage carrier, and coordinate with other shippers to achieve the same transportation efficiencies and cost savings as working with a 3PL. While this seems like a viable option, shippers must consider the time investment. Negotiating rates with carriers and arranging loads with other shippers requires a substantial time, staff, and technology investment to realize significant savings.

NOT A DIY PROJECT

Experienced 3PL providers monitor and coordinate container and chassis movement and location, while performing the due diligence to verify carrier safety records. Carrying out all these functions requires significant technology resources and investment.

To execute these tasks, all in-house logistics departments maintained by shippers must be robust. This means having the financial resources to sustain the costs involved. For many shippers, relying on the services of a qualified 3PL has proven to be much more cost-effective.

And with today's liability exposure reaching farther up the logistics chain, the middleman, in effect, provides an insulating layer of liability during drayage movement.

Shippers must make decisions that are best for their own circumstances. The savings managed drayage services can provide may make a significant difference in today's volatile economy. ■

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ITMATTERS

by Karen Bomber and Jim Caudill

Inventory Intelligence: The Key to Unlocking Omni-channel Retailing

Omni-channel retailing – providing shoppers a seamless experience through all channels – combines the flexibility of cross-channel and mobile shopping with the revenue- and loyalty-building capabilities of a face-to-face retail experience. Because keeping availability promises is vital to omni-channel success, retailers depend on integrated IT systems.

Retailers who succeed at integrating their inventory intelligence can cut costs, accelerate turns, and build revenue by driving high-fidelity information back into the supply chain, aligning it with shopper demand. To gather the most accurate inventory intelligence, retailers must remain vigilant about the quality of data they collect.

The first step to ensuring quality data is integration across physical locations. Retail supply chains are typically vast, efficient, and very accurate, considering their complexity. But even the fastest, most accurate supply chain can receive poor-quality information from retail endpoints. To ensure data accuracy, here's where retailers should track information:

- **At the back door.** Inputs must document a complex array of sizes, styles, colors, and options on received products; outputs must reflect the same information on returned items.
- **On the items.** Tracking tags must be compact, capable of storing detailed information, and tamper-resistant, yet easy for store associates to remove.
- **At the point of sale.** Systems must capture transaction, loyalty program, gift card, and coupon data, and help detect, remove, and recirculate tags.
- **At the front door.** Inputs and outputs should show real-time store traffic and intercept shoplifters without intruding on the legitimate shopper's experience.

SETTING STANDARD FORMATS

Effective omni-channel retail operations also require integration across technologies. For example, the task "enter line item" must represent the same function on a POS terminal as on a smartphone. And systems should provide inventory information in a standard format, even when it comes from different sources.

Over any time period, inputs should offer end-to-end visibility across stores, distribution centers, and manufacturers, as well as top-to-bottom visibility from the retail floor through regional sales and distribution centers. Most importantly, the information collected should provide actionable intelligence, with execution support to make those actions effective.

DIRECT AND INDIRECT BENEFITS

By investing in inventory intelligence, businesses can implement omni-channel retailing with confidence–opening shopping to omnipresent online and mobile environments, while retaining focus on the store. They can also reap direct and indirect business benefits, including cost reduction, inventory management, and revenue growth.

Fast processes and lean inventories improve turns, and reliable item tracking helps stores reorganize stock to optimize floor space and sales per square foot. More accurate forecasting, ordering, allocation, and replenishment intelligence helps stores tune their product portfolios, and make better use of fixtures, displays, and other capital assets.

High-quality inventory intelligence collected from stores feeds the entire supply chain, harnessing its efficiencies to meet shopper demand. ■

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HEY–WHERE'S MY CONTAINER? WHERE'S MY FREIGHT CAR?

Safety Check

The road to trucking safety is paved with confusing new driver regulations, security protocols, and monitoring processes. Relax! The information on the following pages will help guide you and your carriers to safety.

Love it or Hate it, CSA is Here to Stay

Whether you applaud or oppose the FMCSA's new truck-safety monitoring program, CSA will no doubt impact the way your carriers operate. Here's what you need to know.

by Amy Roach Partridge

Since its unveiling in 2010, the Federal Motor Carrier Safety Administration's (FMCSA) new Compliance, Safety, Accountability (CSA) program has sparked significant interest from the transportation industry. Outcries that the new truck-safety monitoring program will place a stranglehold on the motor carrier industry and cause a severe dwindling of the driver workforce vie against passionate belief that CSA will provide the industry with concise and transparent data that can reduce safety risks on the nation's highways.

A point somewhere between the two extremes seems to be the most realistic outcome of the new program, which the government began enforcing in 2011.

Despite popular belief, CSA is not a set of rules or regulations, but rather an initiative designed to improve the efficiency of FMCSA's enforcement and compliance program. The aim of CSA is to measure carrier safety performance, identify potentially unsafe carriers, and prioritize them for enforcement interventions—all as part of FMCSA's ultimate goal of reducing commercial motor vehicle crashes, fatalities, and injuries.

Under CSA, motor carrier violations—as determined primarily by roadside inspections and crash data—are placed into seven Behavioral Analysis and Safety Improvement Categories (BASICs) (*see sidebar, right*). Eventually, the system will be used to assign safety ratings for carriers, based on their BASIC scores weighed against factors including size, violation frequency and severity, and how recently violations have occurred.

Reactions to the new program, and the amount and type of safety data that it makes available, have been mixed. "Conceptually, CSA is the right thing to do," says Rob Abbott, vice president of safety policy for the American Trucking Associations (ATA). "We support the program's objectives and its potential to help safe, responsible carriers distinguish themselves from carriers that don't place the same emphasis or resources on safety.

"But we have genuine concerns with the program's methodology, the means by which scores are developed, and perhaps the erroneous use of the scores in some areas," he adds.

Safe and Secure

Love it or hate it, CSA is here to stay. Shippers, carriers, and private fleet operators are working to become familiar with CSA's components and are implementing processes, procedures, and technologies to ensure their drivers, fleets, and loads meet the FMCSA's safety and security criteria.

While carriers bear the brunt of responsibility for safety under CSA, shippers are taking an active interest in the program as well.

"In the past year, shipper inquiries about CSA have increased tenfold," says Jason Wing, manager of safety compliance and training for Fort Smith,

CSA: The BASIC Facts

The Compliance, Safety, Accountability (CSA) program defines driver safety by seven Behavioral Analysis and Safety Improvement Categories (BASICs):

1. **Unsafe driving:** Speeding, reckless driving, improper lane changes, and inattention.
2. **Fatigued driving:** Exceeding the Hours of Service, maintaining an incomplete or inaccurate logbook, and operating a commercial motor vehicle (CMV) while ill or fatigued.
3. **Driver fitness:** Failure to have a valid and appropriate commercial driver's license and/or being medically unqualified to operate a CMV.
4. **Alcohol and drugs:** Use or possession of controlled substances/alcohol.
5. **Vehicle maintenance:** Problems with brakes, lights, and other mechanical defects, and failure to make required repairs.
6. **Cargo security:** Size and weight violations, dropped cargo, or unsafe handling of hazardous materials.
7. **Crash indicator:** Histories or patterns of high crash involvement, including frequency and severity, based on information from state-reported crashes involving CMVs.


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Ark.-based ABF Freight. "They also want to know whether ABF has practices in place to educate drivers. Shippers are definitely concerned about using a carrier that will transport their freight safely, and they want to protect their interests.

"Savvy shippers are keeping their finger on the trucking industry's pulse, and trying to get a feel for what implications CSA will have on how they manage their shipping operations," he adds.

In Good Spirits About CSA

One of those savvy shippers is Constellation Brands Inc., which is among the world's largest producers of wine, beer, and spirits. The Victor, N.Y.-based company—whose many brands include Robert Mondavi, Corona, Svedka, and Black Velvet—has a $57-million annual trucking and intermodal transportation spend, spread among 40 carriers that handle shipments from its New York, California, and Kentucky distribution centers. Constellation has taken a proactive stance to ensure that its 40,000 annual truckload shipments comply with the CSA program.

"We are a quality-driven organization, and we expect our carriers to meet our safety expectations," explains Rod Dutton, director of transportation management for Constellation. "We have a clear, distinct policy in place specifically for CSA, and we have shared it with all our carriers."

"We need to do our due diligence to make sure the carriers we hire and continue to do business with operate at a satisfactory safety level," adds Mike Bartholomew, senior transportation assistant, who helped develop Constellation's policy for ensuring its carriers comply with the CSA program. Constellation uses the data available under CSA to analyze its existing carriers and monitor any ongoing violations, as well as to evaluate potential new carriers.

"If a carrier we use has received any violations or has deficiencies in any of the seven BASICs, we'll find out where they are in the improvement process," explains Bartholomew. "We check whether the carrier is at the beginning stages of an intervention or has received warning letters from FMCSA, and if the violation has warranted further investigation or an on-site follow up."

Depending on the carrier's progress in that process, Constellation will conduct additional due diligence, such as requesting from the carrier a written explanation of what caused the deficiency, and what actions the carrier is taking to return its rating to an acceptable level.

"Also, if the carrier has received letters from FMCSA, we ask for copies to verify we have the correct information," Bartholomew adds.

On the Record

When deciding whether to add a new carrier to its roster, Constellation depends on several FMCSA tools to evaluate the carrier's safety record.

In addition to the BASICs scores, Constellation checks the agency's Safety and Fitness Electronic Records System (known as SAFER Web), which rates carriers as Satisfactory, Unsatisfactory, Conditional, or No Rating.

"A Satisfactory rating is our goal," explains Bartholomew. "We will not work with any carrier that has an Unsatisfactory rating, and if they are listed as Conditional, we conduct additional research through FMCSA."

In addition, Constellation conducts quarterly reviews via SAFER Web to examine the history and trends of its carriers' safety ratings. "We can see if their trend is improving or declining—and if it is declining, we can take action," Bartholomew notes.

This intense focus on carrier safety records has been an adjustment for Constellation. Previously, the company included safety on its checklist of carrier qualifications and investigated carriers' operating authority, insurance, and DOT ratings. "The CSA program has enhanced our approach to safety," Dutton explains. "Now we track it regularly."

The Right Thing to Do

"Making sure our carriers comply with the CSA program has added responsibility for us in performing due diligence and monitoring the carriers we use," Dutton says. "But it's the right thing to do, and it fits the company's philosophy. We want safe carriers and drivers hauling our loads."

To lighten the extra workload, Constellation uses an electronic service called CarrierWatch, developed by transportation software provider TransCore Inc. Constellation provides TransCore with a list of carriers it uses or is interested in using, and the CarrierWatch system monitors them, sending Constellation an alert any time there is a change in a listed carrier's safety rating. It also tracks any changes to its carriers' insurance coverage—another safety red flag.

Constellation's enhanced approach to safety even trickles down to the carriers selected to transport loads

Asset-based Security

Con-way Freight's Chief Security Officer Curt Shewchuck talks about how the LTL carrier thwarted a possible terrorist event in February 2011 and is working with shippers and government to secure the supply chain.

by Joseph O'Reilly

In the wake of Sept. 11, cargo security has become the foremost challenge facing shippers, carriers, third-party logistics providers, port authorities, and government. On Feb. 1, 2011, less-than-truckload carrier Con-way Freight's security protocols were put to the test when an employee noted a shipment of explosive materials at its Lubbock, Texas, terminal.

Authorities theorized the shipment, ordered by Khalid Ali-M Aldawsari, a 20-year-old Saudi student in Texas, was part of an alleged al-Qaeda plot to build improvised explosives and blow up targets including West Coast reservoirs, dams, and nuclear power plants. Thanks to Con-way's handling of the situation, Aldawsari was arrested and charged with attempted use of a weapon of mass destruction. He is currently awaiting trial.

Curt Shewchuck, chief security officer for the Ann Arbor, Mich.-based motor carrier, talked with *Inbound Logistics* about the incident and Con-way's collaboration with shippers and government authorities to identify and prevent potential security threats.

IL: What can you tell us about the incident, within the constraints of the pending judicial process?

CS: A shipment of 10 500-milliliter bottles of a chemical called phenol entered our system in North Carolina, originating at Carolina Biological Supply in Burlington, N.C. When it arrived at our Lubbock, Texas, terminal, an alert supervisor on the dock recognized the shipment's label was a little unusual—phenol is not commonly shipped to residential locations. He followed Con-way's escalation plan by notifying his supervisor, who reviewed the shipment and paperwork and decided to contact our regional security manager, who took it from there.

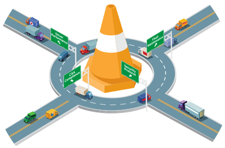
IL: What role do shippers play in Con-way's escalation plan?

CS: Shippers span the business world from known multi-national corporations to individual one-time shipments. Our escalation plan is designed to address a range of situations, including contacting the shipper, if appropriate. The more we collaborate with shippers and the authorities, the more effective the process is. All parties involved become force multipliers in identifying risks proactively.

In this case, Con-way did contact the shipper and the FBI. It has been reported the shipper also contacted the FBI. A double reporting to authorities is exactly what we work toward to ensure information is flowing quickly and effectively to our government business partners.

IL: What are Con-way's roles as a custodian of security?

CS: First, it's a matter of good corporate citizenship on behalf of shippers and shareholders. The second factor is contractual responsibility,



Curt Shewchuck, chief security officer, Con-way Freight

where we enter into agreements with particular shippers who establish the criteria that we use to secure the supply chain. Finally, of course, there is a regulatory commitment.

IL: How does Con-way management convey the importance of security throughout the organization?

CS: Security is directed from the top down, beginning with our board of directors and CEO. The presidents of each separate company under the Con-way brand then execute the plan.

We encourage employees to be engaged and participate as stakeholders in the security process. Early on, they learn about security and the role they play as facilitators in the process. They are given tools to execute these plans.

This emphasis would not be possible if our CEO did not recognize security as part of the company's fabric. Our customers and employees expect Con-way's leadership to develop and execute a strong security plan, not only to protect the shipments we control, but also to honor our commitment to the U.S. government and national security.

IL: What lessons did this experience provide?

CS: We have to remain diligent, be consistent in how we execute our plan, and keep our eye on the ball. The incident also reinforces the fact that every employee matters. It only takes one person to follow or disregard the process.

IL: Beyond training and protocol, what measures–technology, for example–is Con-way using to secure its operations?

CS: In security, there are high-tech solutions and low-tech ones. In this incident, a low-tech solution raised the alarm. It was simply a matter of educating our employees and encouraging them to communicate anything suspicious through an established plan.

IL: Following Sept. 11, security became a part of normal business operations, rather than a value add. Is there concern that when security is commoditized, companies lose focus?

CS: I don't think that's the case, but it is something to be diligent about. We've partnered with shippers to recognize that it is more cost-effective and less risky to have security programs and processes fabricated into the front end of the business relationship–to secure the supply chain upfront, rather than after an event has taken place. Our role with shippers is to understand their needs and regulatory commitments, then blend that into our overall security plan.

IL: What role can motor freight carriers play in conveying security best practices and sharing knowledge among different types of shippers and government agencies?

CS: After Sept. 11, Con-way began working with the Department of Homeland Security and the Department of Justice as they developed fresh approaches to fighting terrorism. We have participated in science and regulatory development projects with the government to create sound approaches to minimizing supply chain risk.

Government officials need to understand the transportation industry's security challenges, and carriers need to understand the government's needs. Taking into consideration all this information, we were able to come up with sensible plans for both industry and government. This approach allowed regulatory authorities to focus on the areas that needed the most attention.

contracted out to intermodal marketing companies (IMCs) and freight brokers. Each IMC and broker that Constellation hires is required to provide written proof of its policies and procedures for screening and monitoring carriers.

"It's our product on the truck, and even though we're not hiring these carriers directly, we want to ensure the screening process falls in line with ours," Bartholomew explains.

He cites the example of a broker the company recently hired that uses a load-tendering system called Aljex to monitor the carrier safety rating on every load it gives an outside carrier. "We want to hire brokers with that level of accountability for their carriers' safety," Dutton adds.

Carriers Carrying the Burden

Many carriers are also making major changes as a result of CSA. Indeed, carriers bear the brunt of the responsibility when it comes to safety measures, as their businesses have the most to lose—and gain—as a result of their safety ratings and scores.

"CSA requires motor carriers to pay more attention to their safety records simply because there is more data readily available," says Rick Schweitzer, government affairs representative and general counsel for the National Private Truck Council. "FMCSA can now take a broader range of enforcement actions, and the CSA data will affect a variety of business concerns, such as obtaining a special permit under hazmat regulations.

"And, of course, the data will be used by shippers and insurance companies, too," he adds.

Compliance data is also top of mind for motor carrier executives such as Jim Burg, owner of James Burg Trucking Inc., a regional flatbed operation based in Warren, Mich. Burg has spent a lot of time and money lately to ensure his 75-driver company is in compliance with FMCSA's safety regulations, and that his CSA data is as favorable as possible.

"We have to start by understanding our risks, the causes of our crashes

Award-winning Safety

Just a few of the many truckers recently recognized for outstanding safety performance:

Choptank Freight Lines received the Gold award from Great West Casualty Company as part of the 2010 National Safety Awards Program, which recognizes truckload and LTL carriers based on their year-end preventable accident results.

The Texas Motor Transportation Association (TMTA) awarded **FFE Transportation Services, Inc.** the 2011 Grand Trophy at the Fleet Safety Awards, presented during TMTA's annual conference. TMTA gives this annual honor to an exceptional member company judged to have the most complete and effective safety program in the Texas trucking industry.

The Safety Management Council of the Kansas Motor Carriers Association recently recognized several professional truck drivers and their employers for exceptional commitment to safety. Representing more than 240 years of experience and more than 26 million miles of safe driving during their careers, 12 drivers were chosen as Drivers of the Month. **Jim Mitten Trucking, Inc.** was the overall Fleet Safety contest award winner, reporting zero accidents in 2009 and 2010.

The Specialized Carriers and Rigging Association (SC&RA), an international trade association of nearly 1,300 members involved in specialized transportation, machinery moving, industrial maintenance, and crane and rigging operations, named **Landstar** its 2011 "Transportation Group Over 50 Million Miles" fleet safety award winner. SC&RA's program honors companies and individuals for outstanding safety performance.

The West Virginia Trucking Association recognized the following drivers for their safety accomplishments:

- **Jerry Pugh**, who drives for FedEx, was honored with the 2010 Professional Driver of the Year award. Pugh has been driving for 30 years with no accidents.

- **William Hannan**, who drives for Rite Aid, was honored with the 2010 State Police Safety Award. Hannan has driven for nearly 28 years and racked up 4.6 million miles.

- **Thomas Miller**, a driver with Burns Motor Freight, earned the 2010 Federal Motor Carrier Safety Administration Carrier of the Year award. Miller has driven for 34 years and has logged more than 3.6 million miles without an accident.

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and claims, and any negative CSA data," explains Burg. "Once we identify the root causes, we can implement processes, procedures, and equipment changes to minimize the risk of those claims."

When CSA data showed that the company had too many load securement issues, for example, Burg investing in improving that aspect of his operation.

He also began evaluating driver applicants' safety records using the FMCSA's Pre-Employment Screening Program (PSP), which provides electronic access to driver crash and inspection history. "That transparency has reduced the number of applicants we will consider, allowing us to develop a safer pool of drivers," Burg says.

He has also terminated existing drivers because of bad CSA scores, and uses the scores as a means to coach and reprimand drivers at their first violation.

Compliance Practice

Internally, Burg has instituted a number of new policies to boost his company's safety and compliance data. As a company that hauls 600 loads per week and averages just 1.2 weekly state-conducted FMCSA roadside inspections, Burg felt his company was not getting enough "practice" at being compliant under the new CSA program. So he hired a retired Michigan state police officer with roadside inspection experience to evaluate his company's vehicles and drivers the way troopers do on the highways.

"Our internal inspector's job is to check vehicles at our customers' locations, on the roadside, and at our facility," Burg explains. "If he finds violations, he educates those drivers, then follows up to ensure they are changing their behavior. He inspects about 10 of our trucks and drivers weekly."

In addition, Burg has incentivized his drivers to be more accountable for their own safety compliance. "We initiated a new safety bonus directly tied to CSA," Burg notes. The drivers are awarded a certain dollar amount each week, minus one dollar for every CSA violation point they receive. In

CSA Report: New Shades of Gray

What impact will CSA have on for-hire, interstate carriers, and the commercial trucking industry? The answer is not black-and-white, as you'll see in these results from TransCore's latest CarrierWatch CSA Industry Report.

CarrierWatch CSA Industry Report: Key Findings

- CSA adds new data to carrier safety records, and nuance to validation processes.
- Interstate freight carriers are almost twice as likely than other fleets to have CSA data.
- Carriers may have alerts under CSA, even when they have no numeric scores.
- More carriers have alerts under CSA than had "deficient" ratings in SafeStat.
- CSA BASIC scores and alerts vary significantly by state.

CSA by the Numbers

758,000
commercial fleets are covered by CSA

166,000 (21%)
of those fleets are identified as for-hire, interstate freight carriers

76%
of interstate freight carriers have CSA data in their records

90%
of interstate freight carriers with more than 500 trucks have at least one BASIC score

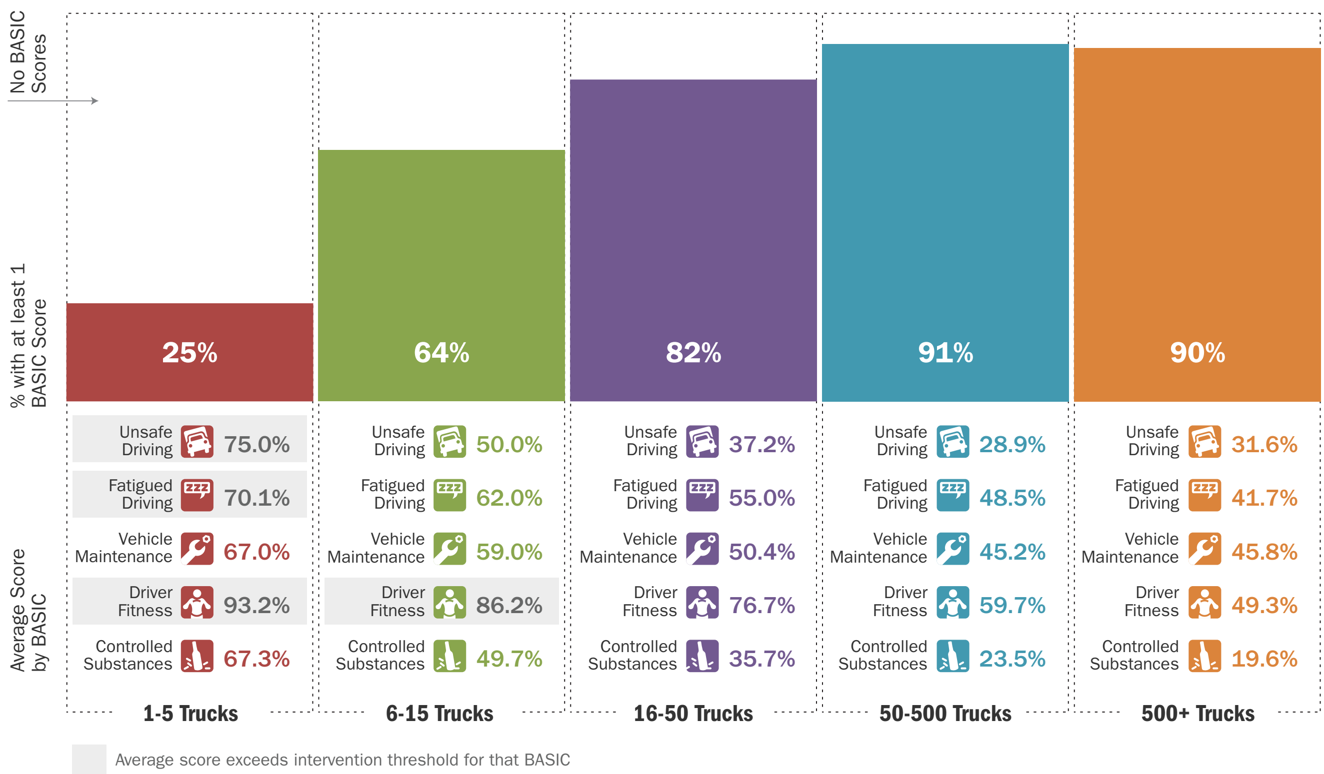
25%
of interstate freight carriers with five or fewer trucks have at least one BASIC score

34%
of interstate freight carriers have a numeric score for at least one BASIC

0.3%
of interstate freight carriers have a numeric score for every BASIC

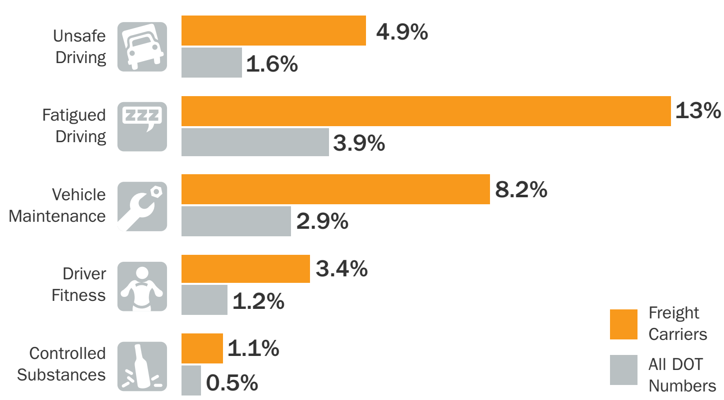
All graphs and data courtesy of TransCore's CarrierWatch CSA Industry Report

Average Scores by Fleet Size, Freight Carriers



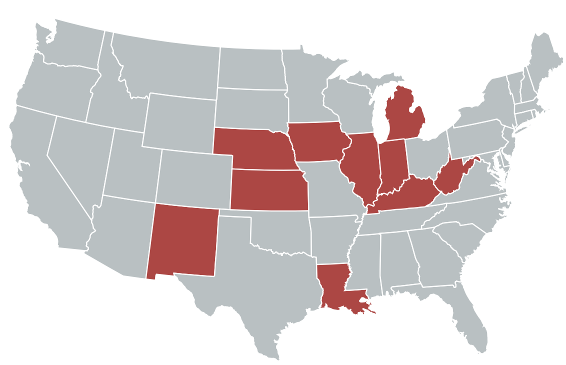
Smaller carriers have fewer, but higher scores. Big carriers have more, but lower scores.

% With Alerts Among For-Hire, Interstate Carriers vs. All Fleets



Although freight carriers were more likely than other fleets to have alerts in any of the five publicly available BASICs, almost four out of five carriers (79%) had no alerts at all. Fatigued Driving, representing HOS violations, was the most common failing, with 13% of freight carriers receiving an alert in that category.

States With Highest % of Alerts for Unsafe Driving



Eight of the 10 states with the highest percentage of carriers with Unsafe Driving alerts are contiguous: Illinois, Kansas, Nebraska, Iowa, Indiana, Michigan, Kentucky, West Virginia. New Mexico and Louisiana are the "outliers."

addition, if a driver receives a violation-free report from a roadside inspection, they are awarded a $200 gift card.

"The incentives emphasize the value of hauling only compliant loads," Burg explains.

Business As Usual?

Other carriers, however, say that CSA has not impacted their operations much at all. They feel the program simply enforces across the entire motor carrier community the safety best practices that were already in place at many companies.

"Overall, I think CSA is a big positive for the industry. But because we had high safety standards to begin with, it hasn't impacted us much," says Stanley Stone, vice president of safety for Penske Logistics, which employs roughly 2,700 truck drivers.

The company has incorporated the CSA program into its focus on "operationalizing safety so it becomes part of the company's daily routine," Stone explains. Penske's safety policies include a comprehensive training program for all employees and Smith System training for drivers, focusing on safe-driving and accident-reduction techniques.

Stone believes CSA's most significant impact at Penske has been on its drivers' approach to safety. "Our drivers take this program seriously," he says. "They know there is a score for them, and that what they do behind the wheel can have a detrimental impact on their ability to remain employed in the future."

Penske has let go a handful of drivers as a result of CSA violations, but says most drivers now effectively police themselves.

"Early on, many drivers were unaware of the impact of their violations under CSA," Stone says. "Once we educated our drivers, we found only a few that couldn't or wouldn't change their behavior, and they were terminated."

The biggest challenge the company has experienced as a result of CSA is one of scale. Because Penske operates some 200 locations, it has been onerous for the company to analyze its monthly CSA data.

"FMCSA gives us a data dump that shows the drivers who had violations, but we have to determine where they are based," explains Stone. "Our ability to take action on those scores has been hindered. It is hard for us to get to that driver and manager so we can have a one-on-one discussion and change the behavior."

Penske has partnered with Vigilo International Consultants to help sort the CSA data and more effectively address concerns. "We are incurring additional costs and resources to go through the information and determine where the problems are occurring so we can fix the behavior," Stone says.

ABF Freight also reports only minimal impact from CSA. "We've had so many good safety practices in place for so long that CSA is merely a continuation of what we've been doing for many years," says Wing.

Driver accountability at ABF has also improved as a result of CSA, with drivers conducting more thorough pre-trip inspections. They better understand that they hold ultimate responsibility for the vehicle's condition.

Part of that accountability comes from the proactive stance ABF took in educating its drivers about CSA. The company produced an informational DVD, which all employees viewed; conducted multiple safety meetings over the past year to train employees on CSA changes as they occurred; and communicated information about CSA through various posters and company literature.

Through an aggressive, thorough education program, ABF ensures its drivers understand their roles and responsibilities in keeping the carrier CSA-compliant.

Now for the Downside...

Finding the new enforcement program less onerous than expected doesn't necessarily equal a ringing endorsement. The trucking industry is quick to point out the flaws in the CSA program, which are mostly centered on the methodology FMCSA uses to develop the BASICs scores that ultimately impact carriers' safety ratings.

"The most pressing issue is that the CSA program creates crash indicator scores based on all crashes that meet the DOT's severity threshold, not just those crashes that a carrier caused or could have prevented," explains ATA's Abbott.

A carrier whose truck is struck while parked, or is rear-ended while sitting at a red light, for instance, still has those accidents included in its crash scores. "As a result," Abbott says, "we think those scores don't accurately reflect the carriers' true safety."

Violation weighting is also a concern; many in the industry feel weights are inappropriately assigned. Abbott cites this example: A truck carrying 1,000 or more pounds of hazmat materials is required to have four placards on it; failing to have them carries a severity weight of five. But if a truck has all four placards, and one is not horizontal or is dirty, that violation is also considered a five.

Another sticking point for ATA is the fact that once added to a carrier's safety history, violations are particularly hard to remove, even if they are out-of-date or incorrect. "Trucking companies and drivers continue to be penalized for citations that are dismissed in court," Abbott says.

In addition, the availability of all this new trucking safety data could make the industry a sitting duck for frivolous lawsuits. Particularly in cases where a carrier is not responsible for causing an accident, trucking advocates fear that plaintiff attorneys will use any data showing a carrier has experienced violations to cast doubt on their safety records.

"There may be no connection between a driver's or carrier's CSA scores and a specific accident, but attorneys will try to use those scores against the trucking company anyway, as an attempt to get jurors to view the company as unsafe," says Lee Piovarcy, president of the Trucking Industry Defense Association, an organization that focuses on the legal and safety aspects of trucking.

But the bigger overall question may be whether the CSA program—with all its flaws and advantages—will actually make a difference to trucking safety.

"Our historical concern is that these scores and ratings reflect carrier compliance with recordkeeping and paperwork requirements, and not actual on-road safety performance," says Abbott.

This is where Jim Burg's biggest doubts about CSA surface. "For the past 18 months, I've been focused on compliance data because that is what everyone is watching, but I'm not sure that is taking me in the right direction in terms of improving safety," he says.

For instance, Burg wants to invest more in onboard safety systems that help reduce crashes, but feels obligated to spend the money on compliance instead. He cites an FMCSA advisory panel member who reported that 25 percent of truck crashes are rear-end accidents, and the FMCSA's Regulatory Impact Analysis, which found that only seven percent of crashes are fatigue-related.

"FMCSA says I need to focus on fatigue and safe driving issues, but my common sense says to invest in technology that reduces our crash risk, whether the driver is in compliance or not," he explains.

Only time will tell how CSA's focus on compliance will ultimately impact the industry's operations—and overall safety.

Looking Down the Road

Despite its challenges, the motor freight industry is on a roll, according to exclusive interviews with five trucking big wheels.

by Perry A. Trunick

At nearly $600 billion, motor carrier services represent roughly half of annual U.S. logistics spending. Even the largest carriers serving the market contribute less than 10 percent of its revenue.

The U.S. logistics market's diverse carriers and service providers face a particular set of challenges. Labor represents a leading expense for carriers, and trends suggest it will only become more expensive. Some carriers experience minimal problems finding adequate personnel resources, while others register annual driver turnover rates of 100 percent or higher.

Asset productivity represents another critical issue for carriers. Interaction with shippers and consignees comes into play, along with regulations and carriers' ability to identify and act on opportunities to improve their operations.

Capital expense also creates challenges due to the high cost of assets the industry employs, and the low margins that often result from overcapacity or aggressive pricing practices among competing companies.

Despite these challenges, motor carrier professionals love what they do, and their tenacity reflects the industry supporting U.S. domestic and international commerce. Here's what five leading trucking executives told *Inbound Logistics* about the issues driving change for their companies and the industry.

Herb Schmidt
President
Con-way Truckload

Planning for the Unexpected

With natural disasters and other disruptions occurring with alarming frequency, professionals at every supply chain level are examining their operations' durability. And when your operations center is in the heart of "Tornado Alley," contingency planning is critical.

Con-way Truckload has firsthand experience testing its contingency plan. In May 2011, the Joplin, Mo.-based motor carrier withstood a multiple-vortex tornado – and kept customer freight moving.

Not all companies are that fortunate in this era of extended supply chain networks. A critical link fails or is threatened, and a whole supply chain risks collapse. Increasingly, there is discussion of looking beyond Tier 1 suppliers to the next level in the supply chain, and even beyond. This may become a more common practice, especially for shippers and consignees examining the strength of their transportation providers, says Herb Schmidt, president of Con-way Truckload, and executive vice president of Con-way Inc.

Each year, Con-way Truckload moves 2,600 tractors and 8,000 trailers across its North American network. 2011 has endured more than its fair share of global supply chain disruptions, including volcanic eruptions, earthquakes, floods, tornadoes, and political upheaval. Many companies were disturbed to discover that the second or third tier of their supply chains shared a common source.

Balancing sourcing among a number of Tier 1 suppliers to avoid disruption is nothing new. Many shippers maintain contracts with multiple carriers or brokers so they have coverage if their core carrier experiences a disruption. "Many shippers and consignees may be looking more closely at the contingency plans their carriers, brokers, and third-party logistics providers (3PLs) have in place," Schmidt says.

In May 2011, a tornado flattened much of Joplin. "The core of the tornado struck within one-eighth of a mile of Con-way headquarters," Schmidt recalls. "At the company's administrative and operations center, the winds were in excess of 100 miles per hour, and possibly as high as 150 miles per hour."

Thirty-six trailers on Con-way Truckload's adjacent lot turned over; some of them were loaded. The tornado flipped a tractor over the maintenance shop, lifted the shop's roof, blew in 12 overhead doors, and destroyed two miles of perimeter fence. Yet while all of that was happening, the carrier didn't lose a single dispatch.

Designed to withstand 300 mph winds, the facility housing the operations center receives part of the credit. The company's information technology department and mainframes reside in a basement built with sub-floors, water pumps, and a back-up generator surrounded by water walls and supported by an uninterruptible power supply.

When the tornado hit, Con-way Truckload was already planning a mirror IT facility that would back up the company's data and provide an operations site if the main building was compromised.

One disadvantage of a distant backup facility is the difficulty of relocating workers when needed. So Con-way Truckload sited its backup facility just five miles due north of its operations center – "because tornadoes don't move north and south," says Schmidt – to allow workers to easily shift if a problem occurs.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The backup facility will alleviate the risks inherent in a centralized operation. Con-way currently does booking and planning at the Joplin headquarters, and pushes the data to satellite facilities. "Although the headquarters is adequately protected, I want a reasonable Plan B that doesn't place a lot of stress on the balance sheet," Schmidt says.

Even with impenetrable operations centers, exposed carrier networks are at risk. In some operations, terminals are located in a number of regions and one or more might be exposed to a disruption at any given time. To the degree carriers are dependent on those operations, a series of problems can add up to serious trouble quickly.

Joplin's centralized operations don't impart much risk to Con-way Truckload's satellite terminals, as long as they can access load information and communicate with drivers and customers. If necessary, operations can be transferred to one of those satellite facilities for 24 to 48 hours.

Another part of Con-way Truckload's broader contingency plan is the ability to work with sister divisions such as Menlo Multimodal. "That division books nearly $1 billion per year in truckload moves, so it has relationships with subcontractors who have capacity," Schmidt notes. "And its data systems are compatible, so we can easily transfer bookings."

Larger shippers ask about Con-way Truckload's contingency plans and backup systems, but those queries are less common from small and mid-sized companies. "Smaller companies don't typically experience significant disruptions," Schmidt notes, "and are less dependent on tight delivery schedules."

Nonetheless, Schmidt expects companies of every size will develop an interest in planning for the unexpected. "Shipper contingency plans reflect responsible stewardship over the business," he adds.

Wes Kemp
President and CEO, ABF

Keys to Weathering Tough Economic Times

Wes Kemp, president and CEO of Fort Smith, Ark.-based ABF Freight System Inc., says the past three years have been the most challenging of his 42 years in the transportation industry. Those dark clouds, however, also presented a silver lining. "When you go through tough times, you make discoveries," Kemp says. "You always come out a little smarter than when you went in."

Faced with a 20- to 25-percent drop in volumes, carriers often scale back to reduce variable costs. Fixed costs, however, then represent a higher percentage of the company's overall costs. To restore balance, carriers must grow volumes. Kemp is proud of the fact that ABF has been able to grow volumes each quarter and improve yield as pricing firmed. "The company has made progress on earnings," he says.

One key to this achievement was implementing a regional network. The less-than-truckload (LTL) carrier now operates a dual system network for long-haul and next-day/second-day service.

Technology played a key role in enabling the change. "We invested in wireless communications one decade ago," Kemp says, noting that those devices revolutionized the carrier's operations.

"Drivers, dockworkers, dispatchers, and others connect via handheld devices, facilitating rapid shipment

pickups, paperless dock operations, and optimal load planning," he explains. "Shipments become immediately visible on dispatch systems throughout North America, allowing freight to be properly consolidated and quickly moved to destination."

Optimization software provided another technology-based advantage. In the past, these tools could optimize daily or weekly tonnages between cities. "The next generation, however, can optimize using real-time data, a capability ABF uses for its regional service," Kemp says.

High-tech tools are valuable, "but good old-fashioned working together also benefits ABF," Kemp says. Collaboration among shippers, carriers, and consignees has helped drive improvements along the supply chain, as well as reinforce customer relations.

Communication and collaboration are important from an operational perspective, as well. As the carrier sought to make operations improvements, efforts such as managing driver wait-time required cooperation from shippers. Increased wait-time results in increased costs for the carrier and, consequently, higher costs for shippers and consignees.

Packaging is another area where shippers, carriers, and consignees can develop collaborative solutions. ABF's packaging engineers help shippers reduce packaging, while ensuring shipments will be sufficiently protected in transit.

"Carriers and shippers should take advantage of opportunities to share their expertise with industry organizations and educational institutions," says Kemp. Participating in discussions about industry issues and evolving needs has helped ABF make progress on sustainability issues, for example.

Kemp cites the proposed driver Hours-of-Service changes as another industry concern that could increase costs for both carriers and shippers. If the hour reduction in driving time remains part of the new rules, he says, "it will jeopardize some of ABF's runs."

Delays at a shipper or consignee facility become increasingly problematic under those circumstances, because more wait-time can push the driver service limit and translate into another 24-hour cycle, creating significant shipment delay or requiring costly expedited intervention.

"The LTL market can certainly be unpredictable, but it will be lucrative for carriers who survive the volatility," Kemp notes.

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Change by Design; Change by Demand

The volatile transportation market has driven some motor carriers to change. Others have taken the wheel and driven change for themselves. USA-Truck President and CEO Cliff Beckham believes that as the industry reshapes itself, mid-sized carriers enjoy an advantage over larger companies in being able to effect change faster and more effectively.

One area in which USA-Truck, based in Van Buren, Ark., is making improvements is driver retention efforts. The driver shortage provides an advantage for carriers that can attract and keep quality drivers. With a shrinking pool of qualified drivers to draw from, carriers are spending more on recruiting, training, and compensating drivers. As constricted driver supply creates capacity constraints, carriers with quality service will be able to command more for the capacity they can provide.

To increase its appeal to drivers, USA-Truck developed internal initiatives to drive the softer side of managing people and culture. "It takes more than financial compensation to keep drivers happy," says Beckham. "Market forces will drive pay, but people want more than just a paycheck from their jobs. They want to feel they are accomplishing something important."

Larger economic and market factors are helping USA-Truck achieve its driver-friendly goals. The carrier's service focus shift from long-haul carriage to regional lanes is both a market-driven change and a choice.

The market force at work is the change in the amount of U.S. Gross Domestic Product that comes from wholesale and retail trade vs. manufacturing. Those networks are different, so they have different transportation needs. But from a corporate culture perspective, adopting more regional lanes supports the goal of improving driver lifestyle, which helps with recruiting and retention.

A parallel development is increased shipper desire to consolidate LTL shipments into full truckloads, even at the cost of carrying more inventory. This arrangement also allows shippers to reduce costs by using more rail intermodal and all-water transportation. "Increasing our use of rail intermodal for long-haul moves helps provide more regional lanes for drivers and allows us to offer shippers a wider array of service and pricing options," Beckham points out.

"One risk motor carriers encounter with shorter lengths of haul is that drivers spend more time at docks and in metro traffic," notes Beckham. "Hours-of-Service rules changes threaten to constrain carriers' ability to get maximum use of their assets—both the truck and the driver. Once that clock starts ticking, you have 14 hours to use the asset."

Those assets are most productive when they are racking up miles, not minutes, and that poses a pricing challenge. Carriers are tracking their return on assets, and drivers are looking at compensation that has traditionally been based on miles. Economic pressures are driving change that is slow to come for an industry with a long history of doing business under the current pricing model.

"The multitude of competitors in the market becomes a limiting factor in the ability to change legacy pricing models and paradigms quickly," says Beckham. "One thing is certain: driver compensation will increase.

"Carriers can't just eat the cost, so they need to find a way to pass it on," he adds. "Tighter capacity may help, but the long-term challenge will be modifying pricing systems to reflect the changes that are occurring in the industry."

Even with all these market pressures, Beckham notes the importance of creating a positive corporate culture for people who are spending more of their waking hours on the job with their co-workers than at home with their families.

"We want to provide our team members with freedom and discretion in how they go about pursuing results, rather than taking an assembly line approach," he says. "We have tried to develop a culture where people are encouraged to think and pursue results using their strengths, but within a set of defined ethical boundaries."

Market push and management pull have driven changes in USA-Truck's service offerings and network configuration, but those same forces continue to shape its corporate culture.

The driver shortage will be a long-term problem for the industry, notes Beckham. "Economic cycles will continue to rise and fall, and regulation will ebb and flow," he says. But he believes the driver issue will only worsen until the industry is able to attract a new generation of workers.

Efforts such as USA-Truck's corporate culture emphasis can help provide a competitive edge in attracting and retaining drivers.

Bruno Sidler
Chief Operating Officer,
CEVA Logistics

The Company You Keep

When Bruno Sidler, chief operating officer at CEVA Logistics, describes the 3PL's dependence on its suppliers, he also highlights the position of nearly every shipper. CEVA is a non-asset business and, when it comes to motor carriage, most shippers are also primarily interested in their carriers' assets, or their 3PLs' ability to access those assets. But relationships matter for more than access to capacity. Collaboration delivers results.

CEVA collects and evaluates day-to-day key performance indicators (KPIs) to address supplier service gaps. But, when it comes to relationship management, CEVA looks beyond KPIs. The 3PL's new supplier recognition program provides a model for evaluating shipper/carrier relationships by examining the qualitative factors that help build strong relationships. Under the program, CEVA emphasizes suppliers' basic values and corporate culture, then considers whether suppliers are employing global best practices. The program also weighs suppliers' sustainability programs, and corporate and social responsibility. Finally, it evaluates the steps suppliers take to execute major projects successfully for CEVA and its customers.

While KPIs measure the effectiveness of supplier actions, the qualitative measures Sidler describes look inside the supplier company. All the companies that responded to CEVA's awards program submission request possess an outstanding key account management approach. They also go beyond the normal call of duty to satisfy customers.

"Price and capacity are always factors when evaluating suppliers," acknowledges Sidler, "but there is huge value in working with suppliers that operate as if they are part of your organization, and own the service and the success as much as you do."

With an open and transparent relationship, both parties can seek opportunities to reduce costs. Lufthansa Cargo, one of the companies CEVA's program recognized, has driven a partnership program with key customers. "Lufthansa works with customers to develop new products, align processes, and take costs out rather than just focusing on price," Sidler explains.

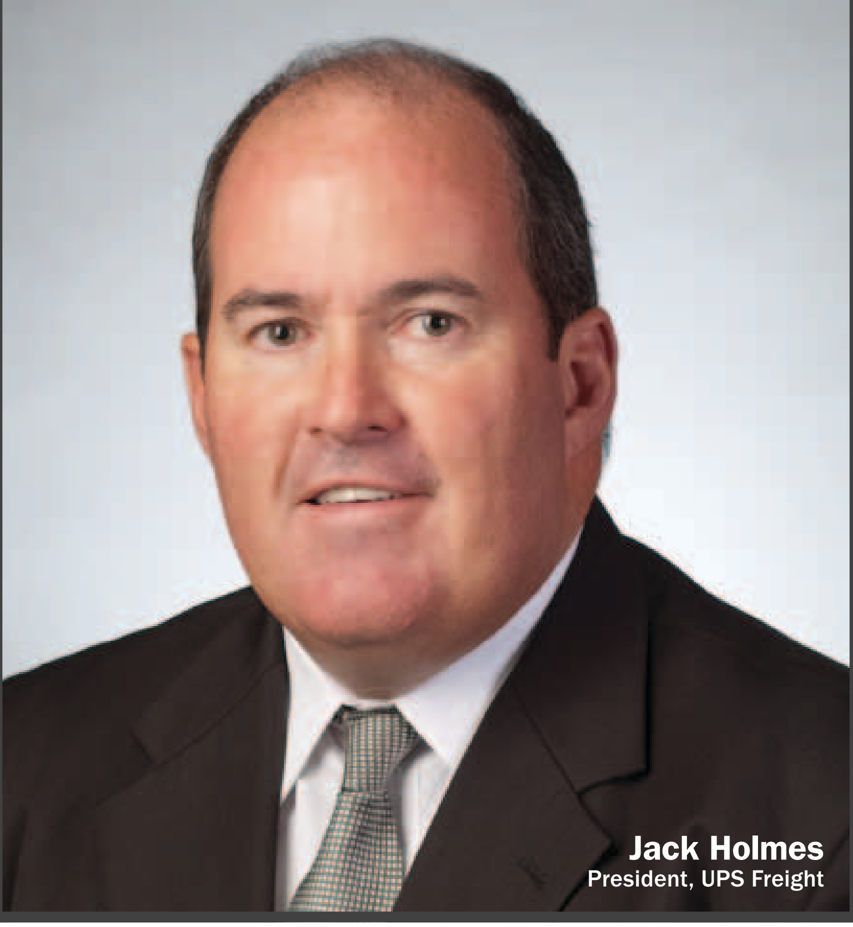
The top-ranked motor carrier supplier in the CEVA global network is Mercer Transportation, Louisville, Ky. With global companies on CEVA's list of nearly 50,000 vendors, how did a small motor carrier providing regional, niche services end up on top? "Mercer Transportation is absolutely critical in what CEVA does for its customers," says Sidler. "Their workers are professional, well-trained, and provide outstanding service."

Using KPIs to measure results ensures that suppliers in the network meet their service obligations. They must make deliveries and handle the details correctly. "Whether you employ your own assets or those of an outside supplier, the success or failure of the transaction reflects on your company," Sidler says.

Sidler acknowledges end customers aren't going to buy a story about why a supplier failed. Delivering value is the goal, and that goes beyond the transactional. Sidler clearly values motor carriers who perform well, but he gets excited about suppliers who are almost an extended arm of the company.

The transparency between vendor and customer extends both ways, and CEVA, as the customer, gets to know its carriers' business as much as it expects the carriers to get close to CEVA and its customers. "It is also important to communicate to our customers how we value and treat our suppliers," Sidler notes. "People depend on us, and we have to depend on our vendors."

CEVA is betting that collaboration is the best business model.



Jack Holmes
President, UPS Freight

Keeping Pace With Industry Change

When it comes to describing how UPS Freight has weathered some of the most volatile markets the industry has seen, President Jack Holmes needs only one word: adaptability. "If we're in tune with our customers' issues and their prospective solutions, we can adjust to meet their needs," he says.

In recent years, higher import volumes have altered lane balances and resulted in new freight patterns. That shift would have been enough to drive structural change in the industry, but additional influencing factors arose.

When revenues stagnated during the economic decline, for example, shippers focused on cost. They changed personnel and business models, and increased 3PL use to hold on to margins when revenues weren't moving. Part of that cost focus resulted in reduced inventory, which translated to a drop in shipment count for the carrier and an even larger drop in shipment weight.

As companies have sought solutions to these issues, supply chain networks have become more regionalized. Between 2008 and 2010, many large shippers made significant changes in their distribution models, closing distribution centers (DCs) in some locations and opening them in others to consolidate shipments and maximize next-day reach. Truckload (TL) services benefited from consolidation's popularity, and LTL carriers took on smaller loads and last-minute just-in-time shipments.

During 2010, more companies began shifting from long-haul LTL to regional TL. "Large shippers have led this regionalized market approach," explains Holmes, "while mid-sized and small shippers often enlisted 3PLs to help reduce costs."

Noticing this freight spend shift to 3PLs, Holmes' team began examining its 3PL relationships. Although UPS Freight predecessor companies Overnite and Motor Cargo had a long history with 3PLs as an extension of their salesforce, "we took a different approach," Holmes says. "We do business with 3PLs we consider good partners."

Holmes defines good partners as those that endeavor to make each other more effective in their business. Companies that didn't fit this "mutual benefit" definition typically were looking to extract margins without adding value; UPS Freight dissolved those relationships. "The focus for the remaining 3PL relationships was adding value not only for UPS Freight, but also for customers," Holmes says.

"Trucking companies in all modes are trying to figure out which 3PLs enhance the carriers' value and which take away," he says.

In addition to redefining their 3PL relationships, many carriers are struggling with personnel issues. Holmes believes UPS Freight, however, will not initially be affected by the impending driver shortage. "Drivers are very aware of the company's financial security," he says, "and turnover should be low."

As for other personnel challenges facing the transportation industry, Holmes predicts that changes to Hours-of-Service rules could hurt companies with regionalized distribution networks. "Under the proposed rules, the next-day reach regional DCs optimized for doesn't reach as far," he says. "Ultimately, that conflict will lead to another assessment of the existing models."

The national unemployment rate will also affect the industry, Holmes notes. "If it remains high and there is a driver shortage, more people could enter the profession," he says. "Even carriers who have traditionally kept driver pay low will be forced to increase compensation to attract drivers. This increase will play a role in driving costs for carriers, which could affect their rates.

"There's risk and benefit to changing something as significant as pricing," Holmes adds. "Some shippers will see a benefit to the change, bringing carriers new business. But others will resist it simply because it's a change."

As with other changes and opportunities, Holmes suggests, the industry and individual companies are left with the questions of when is the right time to make a change, and how to best prepare shippers to adapt. If the shift is handled correctly, so that customers view it as a benefit, the result is a win for both parties.

Trucking 2011 Perspectives

by Joseph O'Reilly

Trucking Perspectives Methodology

Inbound Logistics' annual Trucking Perspectives market insight report includes input from both motor freight carriers and shippers to provide a comparative analysis supported by empirical data and anecdotal observations. Our outreach effort comprises two parts.

First, *IL* solicited more than 200 trucking companies to complete a questionnaire that documents their assets, service capabilities, operational scope, and areas of expertise. We also asked carriers to comment on challenges and opportunities in today's market.

Secondly, *Inbound Logistics* reached out to more than 500 unique motor freight shippers to comment on industry trends, regulatory challenges, and their partnerships with carriers.

When the economy took its first plunge in late 2008, there was little doubt the motor freight industry would be collateral damage. Capacity was flush. Fleets had grown fat feeding on steady demand. Inefficiencies ran amok. The recession hit carriers hard and they paid a heavy price with bankruptcies, acquisitions, consolidations, layoffs, and stock insecurities filling the daily ledger.

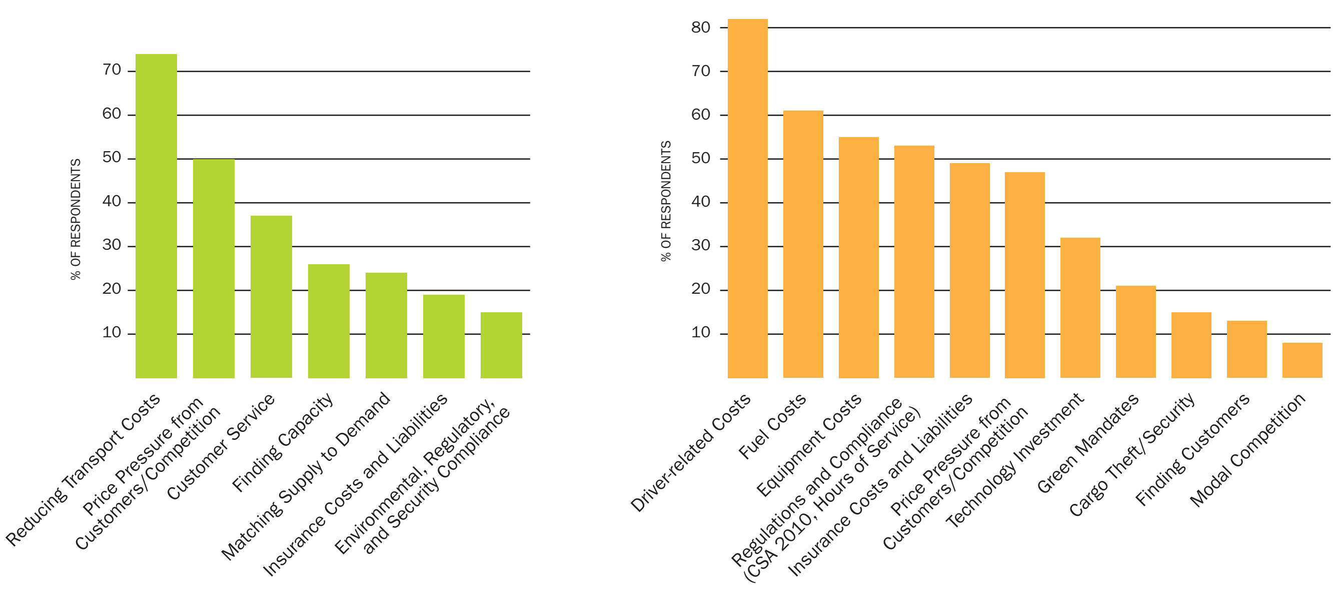
Shippers were beset with their own recessionary problems in marketing and selling product to consumers without discretionary income. An abundance of capacity created leverage to chase cheap rates. It also created opportunities to strengthen bonds with core carriers.

Beginning in late 2010, there were signs that truckers had weathered the storm and were beginning to gain traction again. Many streamlined their fleets to be more efficient and to better match supply with demand. Others made proactive investments in technology and services to provide shippers with bundled value beyond commoditized transportation capabilities. "Partnership" became the token word as carriers cautioned promiscuous freight buyers that "what goes around comes around."

Now, as the economy teeters on the edge of a double-dip recession, the trucking industry is primed and poised, if unsettled. On the one hand, over-the-road shippers responding to *Inbound Logistics'* 2011 Trucking Perspectives market insight

FIGURE 1 **Respondents' Greatest Challenges**

SHIPPERS CARRIERS



survey are wary about rising fuel surcharges, freight rates, and the looming specter of widespread capacity shortages. Carriers, by comparison, share lessons learned from three years of uncertainty and hardship, concerns about emerging potholes on the road to recovery, and optimism about where the industry is headed.

Return on Assets

The recession has had an obvious impact on the trucking industry in terms of equipment. Many motor freight carriers purposely jettisoned older assets to recoup costs while bringing capacity back to equilibrium with demand.

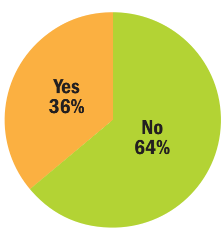
Carriers report an average truck fleet size (including tractors and vans) of 2,542 units in 2011. Five years ago that mean was 2,946, a 12.7-percent decrease over that period, according to *Inbound Logistics* data.

The drop in trucks has been widely reported as motor freight carriers' transition to newer, greener fleets that meet EPA regulatory requirements, while at the same time scaling assets to better reflect demand.

Truckload capacity is also measured in terms of trailers. In 2011, the average trailer fleet size is 6,782 trailers, according to carrier respondents. Last year (when *IL* first began recording this data), trucking companies averaged 7,041 units, a 3.8-percent decrease in year-to-year data.

For shippers, capacity remains a relatively suppressed problem softened by continuing economic lethargy and flat consumer spending. When asked to list the most important challenges they face, 26 percent of shippers cite capacity—well down the list of priorities *(see Figure 1)*. More specifically, only 36 percent of respondents experienced a capacity shortage during the past year, according to *IL* Trucking Perspectives research *(see Figure 2)*.

FIGURE 2 **SHIPPERS: Have you experienced a shortage of truck capacity?**



That said, when an economic rebound appeared likely in early 2011, space tightened in some lanes and carriers were quick to capitalize on increasing competition among customers. More than half of shipper respondents indicate they experienced rate hikes from carriers beyond fuel surcharges during the past year (*see Figure 3*).

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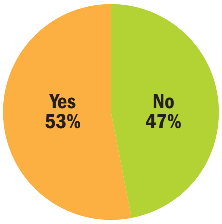
FIGURE 3 **SHIPPERS: Have you experienced rate hikes apart from fuel surcharges?**



For shippers, managing transportation spend is a cardinal priority. Seventy-four percent of respondents identify reducing transport cost as their top challenge, followed by price pressure from customers/competition (50 percent), and customer service (37 percent). Environmental, regulatory, and security compliance ranks last in priority, with only 15 percent of shippers identifying this as an issue. Many freight buyers are relying on carriers, brokers, and third-party intermediaries to help them mitigate these outlying concerns.

By comparison, a trio of cost-related issues dominates carrier concerns. Driver-related costs (82 percent), fuel costs (61 percent), and rising equipment costs (55 percent) are top priorities among motor freight companies (*see Figure 1*). Fuel spend has been partly mitigated by green initiatives, which many carriers have already addressed. Eighty-seven percent of Trucking Perspectives' respondents are EPA Smartway partners.

The bane of the trucking industry remains finding, training, and retaining drivers. The average number of truck drivers (including owner-operators) dropped from 2,507 in 2010 to 2,450 in 2011, according to carriers. That represents a 2.3-percent decrease year over year – and many in the industry expect the drop to continue.

Rules of the Road

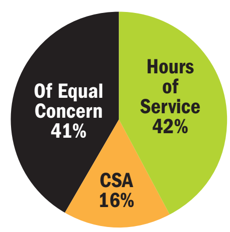
Among other bubbling issues, regulations and compliance developments – notably the Federal Motor Carrier Safety Administration's (FMCSA) Compliance, Safety, Accountability (CSA) program and possible Hours-of-Service (HOS) changes – are top of mind for the motor freight industry.

More than half of surveyed trucking companies identify regulations and compliance as a challenge, which is only trumped by cost-related items as a priority. There is clear apprehension, especially with the possibility of more restrictive HOS mandates, that carriers will have to find even more qualified drivers from a shrinking pool of candidates further constrained by CSA standards.

When asked what is a greater concern, 42 percent of carriers cite HOS, 16 percent CSA, and 41 percent identify both as equal worries (*See Figure 4*). Trucking companies are well aware that safety is a paramount interest in the industry. But there is pervasive opinion that HOS changes will have a far worse impact on productivity, and that the sum effect will be devastating to carriers that are already operating on razor-thin margins.

"The new HOS proposal would be challenging to our business," explains one carrier respondent. "Since we primarily work in the food industry, operations are very time-sensitive and safety-oriented. The current 34-hour reset is a perfect tool for my fleet and how we run it. Changing that rule would require us to significantly adapt our operations and possibly drive up freight costs for consumers."

FIGURE 4 **CARRIERS: Which is a greater concern?**



FMCSA's HOS proposal favors cutting daily driving time from 11 hours to 10, and would also restrict drivers' ability to reset their weekly work cycle with a 34-hour rest break.

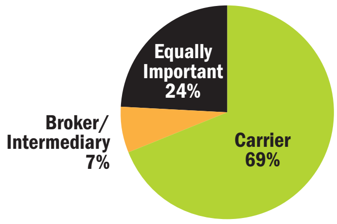
These changes would likely increase costs and decrease the productivity of transportation networks with yet-to-be-qualified safety benefits.

"If we lose another hour, the industry will become 10 to 15 percent less efficient," says another carrier. "We already have a labor shortage under today's regulations and I expect drivers will seek wage increases to compensate for reduced earning opportunities with the proposed new rules.

"Under the current rules, the motor freight industry has reduced the number of crashes three years running, and currently has the lowest accident rate in a decade," the source continues.

Most distribution operations are not set up for clean, drop-and-hook deliveries, so idling drivers

FIGURE 5 **SHIPPERS: Which is more important, your relationship with your carrier or with your broker/intermediary?**



on the clock is a necessary evil. Carriers expect HOS rule changes will have a marked impact on cost structures and equipment availability. No less important, because capacity is expected to tighten considerably when the economy recovers, changes to driver operating procedures will reduce the pool of qualified owner-operators.

Carrier respondents are less concerned about the current CSA rollout because many already have employment-hiring practices that nest seamlessly with the FMCSA's score-carding process. Still, some lament the lack of transparency and communication.

"It is a complex regulation, and appears to be launched with incomplete information," says one carrier respondent. "The buying public doesn't understand the terms and ratings."

While potential changes to HOS rules impact truck runs, CSA directly targets employment. And shippers are already beginning to use CSA as a determining factor in carrier selection—directly and indirectly.

Brokering Change

The importance of the brokerage industry has been manifest over the past few years, helping shippers access capacity and compare rates, and carriers find loads and fill backhauls. As the economy showed signs of recovery in early 2011, and capacity rumors began circulating anew, motor freight buyers began shoring up core carrier partners and eyeing freight brokers to find hidden space.

Those reservations have been somewhat muted by the current economic relapse. But the shipping community is well aware of what looms beyond the bend. Sixty-nine percent of polled freight buyers value their relationship with carriers (compared to 57 percent in 2010), while seven percent favor brokers (two percent in 2010), and 24 percent (41 percent in 2010) view both as equally important (*see Figure 5*). There has been a noticeable and expected shift as motor freight shippers look to secure carrier relationships and lock up capacity.

Shippers have their own unique strategies for mixing and matching capacity. For example, a company might use asset-based carriers for less-than-truckload moves and leverage brokers for truckload, where there is more competition. Some like the fact that brokers have control over many truckers and cater to specific requirements and preferences. As one shipper notes, "I will hold the 3PL/ broker accountable for any and all issues."

Others prefer cutting out the middleman entirely and dealing directly with asset-based carriers. Shippers may prioritize oversight regarding equipment rates and reliability, and the safety records of carriers they are using. After all, as one shipper says, "the carrier is an extension of our business and represents us to our customers."

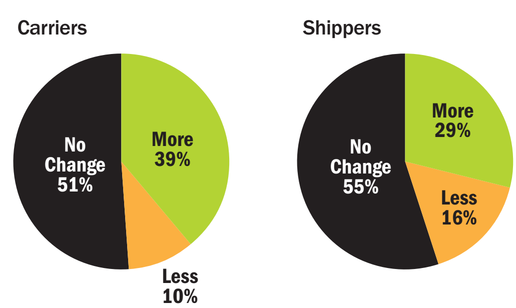
Regulation on the Road

But moving forward, most shippers will have to tap 3PLs and intermediaries to find extra space. Consequently, a dearth of capacity and new CSA requirements will increase focus on the brokerage community, which has been largely lawless compared to other areas in the supply chain.

The majority of shippers (55 percent) and carriers (51 percent) believe the brokerage industry does not need any change in regulatory control *(see Figure 6)*. Still, 39 percent of carriers and 29 percent of shippers think there should be more oversight.

By and large, the motor freight industry doesn't want any more regulation, believing that it only hampers productivity. CSA, to a degree, will self-regulate brokers and carriers that run marginal equipment or skirt appropriate hiring practices.

FIGURE 6 **Does the freight brokerage industry need more regulation or less?**



Motor Freight Carriers: From the Driver's Seat

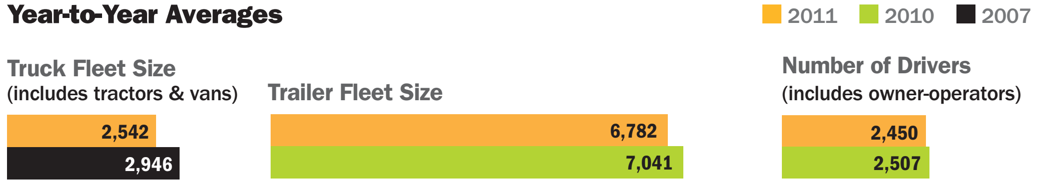
The economic depression of the last three years has had a marked impact on motor freight industry demographics, altering how carriers approach the market and partner with shippers.

While industry continues to look down an uncertain road, it does so from a position of strength. Efforts to scale assets, invest in technology, and become greener and more fuel-efficient have made carriers much more resilient and adaptable. Talk of tightening capacity earlier in 2011 allowed some to raise rates and begin playing their upper hand with shippers, who are now feeling the brunt of market equilibrium and still-soaring fuel and transportation-related costs.

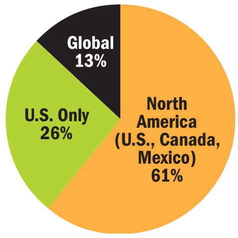
Some trucking companies have taken U.S. economic sluggishness as a cue to explore growth opportunities offshore. Others are keeping their eyes on NAFTA trade volumes between Canada and Mexico, especially since the Mexico-U.S. cross-border trucking impasse has been resolved and Mexico has begun the process of lifting tariffs on U.S. imports.

In terms of services, motor freight carriers are segregated by commodity type and niche industry specialization. Truckload remains the staple, while pending capacity shortages leave shippers and carriers exploring and investing in intermodal connections, and locking up assets with dedicated contract carrier arrangements.

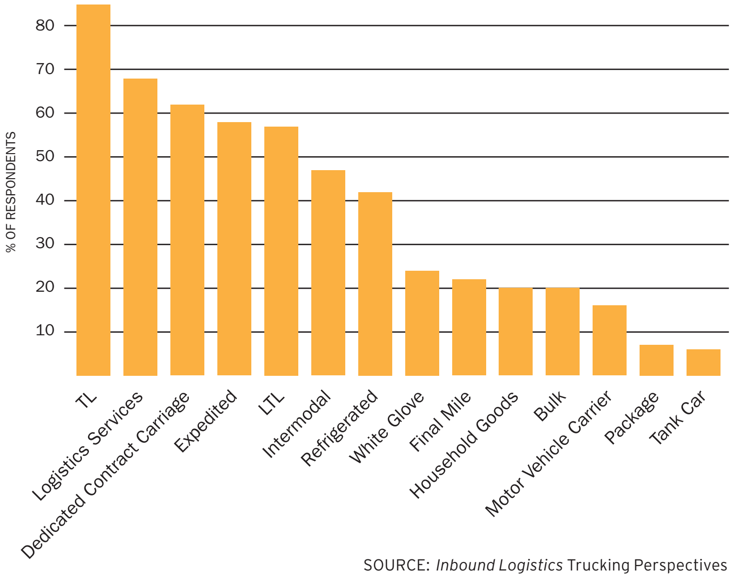
Year-to-Year Averages



Operating Area



Transportation Services



SOURCE: *Inbound Logistics* Trucking Perspectives

Ultimately, it's up to the freight buyer to ensure service providers can fully uphold their responsibilities and functions.

"It's becoming increasingly difficult to sustain quality in an industry that has already been hit extremely hard by the recession," shares one shipper. "It will never build back up to the capacity it needs to be with more regulations."

But there is a vocal minority that contends the freight brokerage space is too easy to enter, bond requirements are too low, and pricing structures fluctuate too much. As a result, brokers are deteriorating carriers' bottom lines and making it more difficult for shippers to bargain with carriers.

There are also liability concerns, especially as double-brokering incidents continue to rise and freight claims' accountability remains muddled. Nearly half of surveyed carriers identify insurance costs and liabilities as a current challenge. Most in the industry agree that brokerage rules could be better defined, and in some cases enforced, to ensure that a few bad apples don't compromise the whole bushel.

One way or the other, increasing regulatory oversight will force shippers to be more accountable for the partners they choose, whether it's through a broker or directly with a carrier.

The motor freight industry is poised to return to a position of strength after struggling through a period of extended adversity. Even with recent economic uncertainty, carriers are more flexible and responsive to market conditions, and the pendulum is swinging toward supply again as shippers begin losing pricing leverage.

Making the Switch

In 2011, only 42 percent of shippers report switching carriers recently, compared to 47 percent last year, and 44 percent in 2009. Smart motor freight buyers are reinforcing core carrier partnerships and contracting dedicated fleets where necessary in anticipation of a market rebound.

Pricing and reliability are neck-in-neck as far as shipper priorities when selecting carriers, with 88 and 87 percent of those polled responding accordingly. Customer service ranks third (64 percent). Capacity remains a peripheral concern, with only 38 percent of shippers considering that a factor in the decision-making process.

Meanwhile, the green revolution appears to be revolting, as only 29 percent of motor freight buyers base carrier selection on sustainability accomplishments.

There are clear signs that competition within the industry is beginning to heat up again after a few years of relative stasis. The current economic reversal may prove to be a stumbling block to recovery, or it may allow capacity to rebuild in a more gradual fashion–which would be a silver lining in cloudy economic forecasts.

Either way, compared to three years ago, motor freight carriers are in a far better position to react to change.

2011 Top 100 Motor Freight Carriers

As always, *Inbound Logistics'* annual Top 100 Motor Carriers directory brings Trucking Perspectives full circle with an in-depth listing of truckers that *IL* editors deem market leaders. This guide serves as an industry benchmark for the types of services transportation buyers value when looking for new partners or evaluating current ones.

Inbound Logistics' Top 100 Motor Carriers list is a good place to shift gears, slow down, and take a look at a group of truckers that are paving the road to innovation. *IL* editors pared this year's roster from a pool of 200-plus companies, evaluating surveys, conducting online research, and talking with truckers and shippers alike.

The Top 100 list presents a panorama of the motor freight segment, including large TL and LTL carriers with global inroads and niche-specific regional haulers that get their white gloves dirty delivering to the final mile.

Together, Trucking Perspectives and the Top 100 Motor Carriers directory provide a comprehensive guide to help you find partners that will put your company in the driver's seat.

The Top 100 Motor Carriers 2011

COMPANY & URL	PHONE	TRACTOR & VAN FLEET SIZE	TRAILER FLEET SIZE	NUMBER OF DRIVERS (INCLUDING OWNER OPERATORS)	UNION STATUS	PUBLIC OR PRIVATE	NUMBER OF TERMINALS	SMARTWAY PARTNER	OPERATING AREAS: GLOBAL	OPERATING AREAS: NORTH AMERICA	OPERATING AREAS: US NATIONWIDE	OPERATING AREAS: US MULTI-REGIONAL	OPERATING AREAS: US REGIONAL
A&R Transport www.artransport.com	815-941-6556	850	1,200	810	N	PRIV	23	●		●			
A. Duie Pyle www.aduiepyle.com	800-523-5020	732	1,749	875	N	PRIV	18	●					●
AAA Cooper www.aaacooper.com	334-793-2284	2,400	6,400	3,200	N	PRIV	80	●	●				
ABF www.abf.com	800-610-5544	4,190	17,150	6,165	B	PUB	274	●	●				
All State Express www.allstateexpress.com	336-529-4247	200	75	250	N	PRIV	2	●		●			
Anderson Trucking Service www.atsinc.com	800-328-2316	1,300	3,400	1,300	N	PRIV	40	●	●				
Averitt Express www.averittexpress.com	800-283-7488	3,752	12,072	DNR	N	PRIV	107	●		●			
Bennett Motor Express www.bennettig.com	770-957-1866	567	1,155	567	N	PRIV	142	●		●			
Bilkays Express Company www.bilkays.com	908-289-2400	25	40	25	U	PRIV	1						●
Bison Transport www.bisontransport.com	204-833-0131	1,050	3,000	1,400	N	PRIV	6	●		●			
Boyd Bros. Transportation www.boydbros.com	334-775-1400	700	1,225	700	N	PRIV	7	●		●		●	
Brown Trucking www.browntrucking.com	770-482-6521	835	4,000	850	N	PRIV	27	●		●			
Bulkmatic www.bulkmatic.com	219-972-7707	500	1,150	500	N	PRIV	45			●			
C.R. England www.crengland.com	888-725-3737	4,000	6,500	5,900	N	PRIV	5	●		●			
Cardinal Logistics Management www.cardlog.com	888-786-6125	1,620	5,093	1,680	N	PRIV	140	●			●		
Carlile Transportation Systems www.carlile.biz	800-478-1853	375	1,600	400	N	PRIV	10	●		●			
Celadon Trucking Services www.celadontrucking.com	800-235-2366	11,000	8,200	2,850	N	PUB	6	●		●			
Central Freight Lines www.centralfreight.com	800-782-5036	1,533	5,188	1,345	N	PRIV	52	●				●	
Central States Trucking www.cstruck.com	630-787-8773	300	250	300	B	PRIV	6						●
CEVA Logistics www.cevalogistics.com	800-888-4949	2,530	5,521	3,064	B	PRIV	73	●	●				

KEY TO ABBREVIATIONS

U	Union
N	Non-union
B	Both union and non-union
DNR	Did Not Report

	TRUCKING SERVICES														TECHNOLOGY SERVICES							
SPECIALIZATION	LTL	TL	PACKAGE	EXPEDITED	LOGISTICS SERVICES	DEDICATED CONTRACT CARRIAGE	INTERMODAL	HOUSEHOLD GOODS	BULK	MOTOR VEHICLE CARRIER	REFRIGERATED	TANK CAR	WHITE GLOVE	FINAL MILE	RFID	BAR CODE	SKU-LEVEL RFID	SKU-LEVEL BAR CODE	CUSTOMER EMAIL ALERTS	ONLINE PRICING/ROUTING	LOGISTICS WEB TOOLS	VISIBILITY/DRIVER COMMUNICATION
Plastic resins	●	●			●		●		●										●	●		●
Chemicals, manufactured goods	●	●		●	●	●													●	●	●	●
Transportation	●	●				●					●					●				●		
General commodities	●	●		●	●		●	●					●						●	●	●	●
Multiple verticals		●		●	●	●				●	●		●		●	●	●	●	●	●	●	●
Flatbed/specialized, dry van/pad wrap, heavy haul, logistics, international	●	●	●	●	●		●						●						●	●	●	●
General freight	●	●		●	●	●	●				●								●	●	●	●
Flatbed, stepdeck, heavy and specialized, project cargo, government services, 3PL	●	●		●	●		●			●					●	●			●	●	●	●
General commodities	●	●			●	●	●	●					●	●	●	●		●	●	●	●	●
Retail, manufacturing, food & beverage, agriculture, chemicals, paper		●		●	●	●	●	●			●					●			●	●	●	●
Metals and building materials		●																	●		●	●
Paper, packaging, consumer products and durables		●			●	●										●		●	●		●	●
Flour, sugar, starch, dextrose, plastics, soda ash, limestone									●													
Temperature-controlled goods, food, produce, frozen foods, retail, pharma	●	●			●	●	●	●			●								●			●
Construction and building materials, JIT manufacturing support, retail, auto, bulk	●	●			●	●		●	●		●		●	●	●	●		●	●		●	●
Oil and gas, wholesale and retail trade, construction, chill and freeze	●	●			●		●				●	●							●	●		●
Dry goods	●	●			●	●	●															
Retail, chemicals, oil and gas, industrial/manufacturing	●				●	●									●	●			●	●	●	●
International air and ocean, intermodal	●				●	●	●								●	●			●	●		●
Dry goods, technology, automotive, consumer and retail, industrial, energy	●	●		●	●	●	●						●	●	●	●	●	●	●		●	●

Information supplied by trucking companies. Where data was not provided, historical and Web site information was used.

The Top 100 Motor Carriers 2011

COMPANY & URL	PHONE	TRACTOR & VAN FLEET SIZE	TRAILER FLEET SIZE	NUMBER OF DRIVERS (INCLUDING OWNER OPERATORS)	UNION STATUS	PUBLIC OR PRIVATE	NUMBER OF TERMINALS	SMARTWAY PARTNER	OPERATING AREAS: GLOBAL	NORTH AMERICA	US NATIONWIDE	US MULTI-REGIONAL	US REGIONAL
Challenger Motor Freight www.challenger.com	519-653-9770	2,000	3,500	1,200	N	PRIV	6	●		●			
Con-way Freight www.con-way.com/freight	734-994-6600	9,000	25,000	15,500	N	PUB	300	●		●			
Con-way Truckload www.con-way.com/truckload	417-623-5229	2,700	8,000	3,000	N	PUB	5	●		●			
Covenant Transport www.covenanttransport.com	423-305-2176	1,633	4,100	2,400	N	PUB	9	●		●			
Crete Carrier Corporation www.cretecarrier.com	800-998-8000	5,000	13,000	5,000	N	PRIV	23	●			●	●	●
CRST International www.crst.com	319-390-2627	8,600	7,420	6,000	N	PRIV	55	●		●			
Daily Express www.dailyexp.com	800-735-3136	300	600	300	N	PRIV	9	●		●			
Dart Transit www.dart.net	800-366-9000	2,400	7,400	2,400	N	PRIV	7	●		●	●	●	●
Daylight Transport www.dylt.com	310-507-8196	DNR	DNR	200	N	PRIV	3	●			●		
Dayton Freight Lines www.daytonfreight.com	800-860-5102	1,075	2,620	1,327	N	PRIV	42	●		●			●
Epes Carriers epestransport.com	336-931-9791	1,105	3,922	1,204	N	PRIV	6	●		●			
Erb Group of Companies www.erbgroup.com	519-662-2710	850	1,100	875	N	PRIV	12	●		●			
Estes Express Lines www.estes-express.com	804-353-1900	6,034	21,724	6,611	N	PRIV	212	●	●				
Evans Network of Companies www.evansdelivery.com	800-666-7885	1,600	450	1,600	N	PRIV	110	●		●			
Express-1 www.express-1.com	269-208-9840	489	77	760	N	PUB	4	●		●			
FedEx Custom Critical www.customcritical.fedex.com	800-633-6530	1,400	400	2,400	N	PUB	0	●	●		●		
FedEx Freight www.fedex.com	800-463-3339	20,000	DNR	DNR	N	PUB	470	●		●			
FedEx Ground www.fedex.com	800-463-3339	22,000	DNR	DNR	N	PUB	500	●		●			
FFE Transportation Services www.ffex.net	214-819-5272	1,850	DNR	2,000	N	PUB	12	●		●			
FLS Transport www.flstransport.com	514-739-0939	365	503	387	N	PRIV	17	●		●			

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	TRUCKING SERVICES														TECHNOLOGY SERVICES							
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Freight all kinds	●	●		●	●	●	●			●	●	●			●	●			●	●	●	●
Dry van general commodities, retail, manufactured goods	●															●			●	●	●	●
Dry van general commodities, retail, manufacturing, industrial goods		●		●		●														●	●	●
Paper/packaging, retail, 3PLs, electronics, manufacturing, chemicals, temp-control		●		●		●					●								●			●
Food, retail, consumer packaged goods		●			●	●	●				●								●		●	●
LTL, retail, metals, building products, high-tech, medical, trade shows	●	●		●	●	●			●				●	●		●		●	●	●	●	●
Construction, agriculture, wind, plant machinery		●			●															●		
Retail, paper products, containers-all kinds		●		●	●	●	●									●			●	●	●	●
General commodities	●			●																●	●	●
General freight	●	●			●											●			●	●	●	●
General freight		●			●	●	●															
Temperature-controlled food products	●	●		●	●	●					●			●					●	●	●	●
General commodities	●	●		●	●	●	●			●			●	●		●			●	●	●	●
Intermodal	●	●			●		●	●											●	●		
Automotive, manufacturing, pharma, aerospace, government, high-value				●	●						●		●						●	●	●	●
Manufacturing, pharma, biotech, high-end electronics, chemicals, automotive		●		●		●	●				●		●						●	●		●
Manufacturing, construction, retail, electronics	●														●	●			●	●	●	
Small-package ground shipnents up to 150 lbs.			●													●			●	●		
Food, pharmaceuticals	●		●		●	●	●				●								●	●	●	●
Retail	●	●		●	●		●				●		●		●	●	●	●	●	●	●	●

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The Top 100 Motor Carriers 2011

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G&P Trucking www.gptruck.com	803-936-6057	575	2,000	625	N	PRIV	10	○		●			
Gale Triangle www.ptgt.net	562-345-2200	560	725	650	B	PRIV	13	○			●		
Gordon Trucking www.gordontrucking.com	800-426-8486	1,750	5,500	2,000	N	PRIV	8	○		●	●		
Greatwide Logistics Services www.greatwide.com	972-682-2250	4,089	5,200	4,500	N	PRIV	32	○		●			
Groendyke Transport www.groendyke.com	800-843-2103	1,000	1,300	922	N	PRIV	32			●	●		
Heartland Express www.heartlandexpress.com	800-451-4621	DNR	DNR	DNR	N	PUB	12	○			●	●	●
Holland www.hollandregional.com	616-395-5000	4,000	6,600	5,200	U	PUB	57	○		●			●
Interstate Distributor Co. www.intd.com	253-537-9455	2,000	6,600	2,300	N	PRIV	9	○		●			
J.B. Hunt Transport www.jbhunt.com	800-452-4868	9,900	66,469	11,172	N	PUB	100	○		●			
Kenan Advantage Group www.thekag.com	330-409-2753	4,200	5,300	4,900	N	PRIV	200	○		●			
KLLM Transport Services www.kllm.com	800-925-1000	1,400	DNR	DNR	N	PRIV	7	○		●	●		
Knight Transportation www.knighttrans.com	602-606-6581	3,736	7,400	4,086	N	PUB	31	○		●			
Landstar System www.landstar.com	877-696-4507	8,452	13,084	8,452	N	PUB	DNR	○		●			
Lily Transportation www.lily.com	781-449-8811	575	1,600	450	N	PRIV	38	○		●	●		
Lynden Transport www.lynden.com	206-575-9547	194	1,724	275	B	PRIV	25	○		●			●
MacKinnon Transport www.mackinnontransport.com	800-265-9394	225	635	221	N	PRIV	1	○		●	●		
Market Transport www.markettransportservices.com	503-283-2405	325	850	325	N	PUB	3	○		●	●		
Marten Transport Services www.marten.com	800-395-3000	2,257	4,026	2,237	N	PUB	13	○		●			
Material Delivery Service Inc. www.schillicorp.com	205-358-1514	210	310	195	N	PRIV	8	○		●	●		●
May Trucking Company www.maytrucking.com	503-393-7030	1,000	2,200	1,100	N	PRIV	10	○			●		

KEY TO ABBREVIATIONS

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	TRUCKING SERVICES														TECHNOLOGY SERVICES							
SPECIALIZATION	LTL	TL	PACKAGE	EXPEDITED	LOGISTICS SERVICES	DEDICATED CONTRACT CARRIAGE	INTERMODAL	HOUSEHOLD GOODS	BULK	MOTOR VEHICLE CARRIER	REFRIGERATED	TANK CAR	WHITE GLOVE	FINAL MILE	RFID	BAR CODE	SKU-LEVEL RFID	SKU-LEVEL BAR CODE	CUSTOMER EMAIL ALERTS	ONLINE PRICING/ROUTING	LOGISTICS WEB TOOLS	VISIBILITY/DRIVER COMMUNICATION
General commodities		●		●	●	●	●												●	●		●
Retail, apparel (including garment on hanger), consumer electronics, furniture	●	●		●	●	●	●	●	●					●	●	●	●	●	●	●	●	●
Over-the-road, regional, local TL		●		●		●					●									●		●
Grocery, retail, metals, automotive, paper, food	●	●		●	●	●	●				●				●	●	●	●	●	●	●	●
HazMat liquid bulk									●													
Retail, consumer, food stuffs, manufacturing, building products		●																	●			
Manufacturing, chemicals and hazmat, retail, distribution, government, 3PL	●	●		●															●	●	●	●
Freight all kinds		●		●	●	●	●				●								●	●		
Intermodal, dedicated contract services, truckload, brokerage/logistics	●	●		●	●	●	●	●	●		●		●	●		●		●	●	●	●	●
Liquid bulk		●			●	●			●										●	●		●
Food, produce, beverages, chemicals, pharmaceuticals		●			●	●	●	●			●								●			
General freight, household goods		●			●	●	●	●		●	●				●	●	●	●	●			●
Manufacturing, retail, service industries, government, heavy machinery	●	●		●	●		●				●					●		●	●	●	●	●
Food, paper, building materials, auto parts, general commodities				●	●	●		●	●		●			●	●	●	●	●	●			●
Retail, oil and gas, construction	●	●		●	●	●	●	●			●					●			●	●	●	●
Flatbed and dry box van, general freight		●			●	●									●				●	●	●	●
Retail, grocery, consumer goods, food & beverage		●			●	●	●												●			●
Refrigerated products		●		●	●		●				●								●			
Industrial bulk commodities						●	●		●										●			
Manufacturing, retail, food & beverage, paper, home improvement		●			●	●					●										●	●

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Melton Truck Lines www.meltontruck.com	918-234-8000	900	1,700	900	N	PRIV	7	●		●			
Mercer Transportation Company www.mercer-trans.com	502-584-2301	2,000	2,300	2,000	N	PRIV	85	●		●			
Miller Transporters www.millert.com	601-922-8331	420	1,100	410	B	PRIV	18	●		●			
National Retail Systems (NRS) www.nrsonline.com	877-345-4677	900	6,500	900	B	PRIV	30	●					
New England Motor Freight www.nemf.com	908-965-0100	1,440	5,800	1,532	U	PRIV	31	●		●			
New Penn www.newpenn.com	800-285-5000	1,000	1,800	1,400	U	PUB	25	●		●			●
NFI www.nfiindustries.com	866-219-7450	2,000	7,000	2,400	N	PRIV	85	●	●		●		
Nussbaum Transportation Services www.nussbaum.com	866-764-3901	580	400	180	N	PRIV	1	●			●		●
Oak Harbor Freight Lines www.oakh.com	253-288-8300	494	1,883	800	B	PRIV	33	●					●
Old Dominion Freight Line www.odfl.com	800-235-5569	6,100	22,000	6,300	N	PUB	214	●		●	●	●	●
Panther Expedited Services www.pantherexpedite.com	800-685-0657	1,400	600	2,800	N	PRIV	6	●	●				
Paschall Truck Lines www.ptl-inc.com	800-626-3374	1,150	3,000	1,200	N	PRIV	6	●		●			
Penske Logistics www.penskelogistics.com	800-529-6531	2,200	2,850	2,700	B	PRIV	DNR	●	●				
Pitt Ohio www.pittohio.com	412-232-3015	1,265	2,873	1,621	N	PRIV	21	●					●
Pride Transport www.pridetransport.com	801-972-8890	407	513	432	N	PRIV	3	●		●			
Prime www.primeinc.com	800-848-4560	4,100	7,300	6,000	N	PRIV	11	●		●			
R+L Carriers www.gorlc.com	800-543-5589	5,000	DNR	DNR	N	PRIV	106	●	●				
Reddaway www.reddawayregional.com	800-395-1360	1,600	5,000	2,000	B	PUB	54	●		●			●
Roehl Transport www.roehl.net	800-826-8367	1,875	5,097	1,900	N	PRIV	7	●		●			
Ruan www.ruan.com	866-782-6669	10,597	7,568	3,940	B	PRIV	233	●			●		

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SPECIALIZATION	LTL	TL	PACKAGE	EXPEDITED	LOGISTICS SERVICES	DEDICATED CONTRACT CARRIAGE	INTERMODAL	HOUSEHOLD GOODS	BULK	MOTOR VEHICLE CARRIER	REFRIGERATED	TANK CAR	WHITE GLOVE	FINAL MILE	RFID	BAR CODE	SKU-LEVEL RFID	SKU-LEVEL BAR CODE	CUSTOMER EMAIL ALERTS	ONLINE PRICING/ROUTING	LOGISTICS WEB TOOLS	VISIBILITY/DRIVER COMMUNICATION
Steel, aluminum, building materials, roofing		●		●	●	●				●									●		●	
Military, machinery, aerospace, metals, roofing, pipe, construction, lumber	●	●		●		●													●			●
Chemicals									●											●	●	●
Retail, pharmaceuticals, electronics	●	●			●	●	●	●			●			●	●	●			●	●	●	●
Retail, grocery, consumer products, chemicals, pharmaceuticals, industrial	●	●		●	●	●					●			●		●			●	●	●	●
Manufacturing, chemicals and hazmat, retail, government, import/export	●	●		●															●	●	●	●
Logistics, warehousing & distribution, intermodal, cold supply chain		●			●	●	●		●	●	●	●			●	●	●	●	●	●	●	●
Agricultural and construction equipment, window manufacturing, tires, appliances		●			●	●													●		●	●
General commodities	●	●														●			●			●
General commodities	●	●		●	●	●	●						●		●				●	●	●	●
Automotive, chemicals, heavy machinery, consumer goods, events	●	●		●	●						●		●	●					●	●	●	●
Freight all kinds		●			●	●													●		●	●
Auto, food, retail, pharma/health, industrial manufacturing, CPG	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
General commodities	●	●	●	●	●	●				●			●	●					●	●	●	●
Food, nutritional, technology, aerospace		●			●	●					●								●			●
Refrigerated, flatbed and tanker transportation		●		●	●	●	●		●		●								●		●	●
Manufacturers, distributors	●	●		●	●		●						●	●		●			●			●
Manufacturing, chemicals & hazmat, retail, distribution, government, 3PL	●	●		●															●	●	●	●
Paper products, temperature-controlled, consumer goods, steel, building materials		●																	●			
Metals, retail, grocery, refrigerated & frozen, chemicals, industrial gases	●	●			●	●	●		●	●	●			●		●		●	●			●

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Ryder Supply Chain Solutions www.ryderscs.com	888-887-9337	3,470	5,294	5,200	B	PUB	DNR	●		●			
Saia www.saia.com	800-765-7242	3,400	11,000	4,300	N	PUB	148	●		●			
Schneider National www.schneider.com	800-558-6767	9,849	32,608	13,000	B	PRIV	22	●		●			
Southeastern Freight Lines www.sefl.com	800-637-7335	9,673	6,587	3,603	N	PRIV	76	●				●	
Standard Forwarding www.standardforwarding.com	800-447-2012	325	800	425	U	PUB	17	●					●
Swift Transportation www.swifttrans.com	602-477-7146	16,900	49,300	18,000	N	PUB	40	●		●			
Transport Corporation of America www.transportamerica.com	651-688-4539	1,790	4,670	2,090	N	PRIV	19	●		●			
Trimac Transportation www.trimac.com	502-459-5122	1,139	4,945	1,302	B	PRIV	50	●		●			
U.S. Xpress Enterprises www.usxpress.com	866-797-7912	7,000	21,000	7,500	N	PRIV	48	●		●			
UniGroup www.unigroupinc.com	636-305-5000	10,400	10,400	6,000	N	PRIV	1,300		●				
Universal Truckload Services www.goutsi.com	586-920-0154	3,200	2,000	3,200	N	PUB	342	●	●				
UPS www.ups.com	800-PICK-UPS	6,190	21,518	DNR	B	PUB	215	●	●				
USA Truck www.usa-truck.com	479-471-6560	2,400	6,700	2,400	N	PUB	11	●		●			
Vitran Corporation www.vitran.com	416-798-4965	2,475	8,737	2,939	N	PUB	128	●		●			
Ward Transport & Logistics www.wardtrucking.com	800-458-3625	576	1,200	600	N	PRIV	21	●					●
Werner Enterprises www.werner.com	800-228-2240	7,300	25,000	10,315	N	PUB	12	●		●			
Western Express www.westernexp.com	615-259-9920	2,300	4,500	2,139	N	PRIV	13	●			●		
Willis Shaw Logistics www.willisshaw.com	479-248-7261	500	1,000	525	N	PRIV	4	●			●	●	●
Wilson Trucking www.wilsontrucking.com	540-949-3200	1,100	2,275	1,100	N	PRIV	35						●
YRC www.yrc.com	800-610-6500	14,000	55,000	DNR	U	PUB	300	●		●			

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Aerospace, automotive, construction & building materials, CPG, electronics	●	●		●	●	●	●	●	●	●	●		●	●	●	●	●	●	●		●	●
General commodities	●	●		●															●	●	●	●
Retail, manufacturing, electronics, paper products, bulk speciality chemical, fuel		●		●	●	●	●		●		●		●	●	●	●	●	●	●	●	●	●
Various	●			●										●		●			●	●	●	●
Manufacturing heavy industrial	●			●	●														●	●		●
Retail, manufacturing, consumer goods, office supplies, paper, lumber, bulk		●		●	●	●	●	●	●		●		●	●					●	●	●	●
Grocery, department store merchandise, industrial products, furniture		●		●	●	●	●															
Bulk									●											●		●
Dry freight, retail, CPG, chemicals, automotive, paper packaging and carpet	●	●		●	●	●	●				●				●	●	●	●	●	●	●	●
Household goods, high-value electronics, trade show, special commodities	●	●		●	●			●		●			●	●		●			●	●	●	●
Building, steel, automotive, oilfield		●		●	●	●	●				●								●	●	●	●
Manufacturing, retail/e-business, distributors/wholesale, government	●	●	●	●	●	●	●	●	●	●	●			●	●	●	●	●	●	●	●	●
Industrial machinery and equipment, rubber and plastics, retail, paper		●		●	●	●	●	●	●	●				●					●		●	●
Supply chain operations	●			●	●		●				●				●	●			●	●	●	
General commodities	●	●			●	●								●		●	●		●	●	●	●
Retail, consumer goods, apparel, beverage, energy, food, paper	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●		●	●	●	●	●
Freight all kinds		●																	●			
Protective services, foodstuffs, confectionery, general merchandise		●			●	●	●				●											●
General commodities	●			●		●										●			●	●		●
Industrial/manufacturing, chemicals, retail, building supplies, 3PL	●	●		●															●	●	●	

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

Inbound Logistics assembled a team of leaders in supply chain services and solutions to ask for their perspectives on the important logistics challenges and opportunities impacting your business.

These logistics thought leaders can give you guidance when considering upgrades and innovations to your business processes.

THOUGHT LEADERS

APIs Enrich Software Users' Experience

Q: What is an Application Programming Interface (API)?

HEINE: It's a software-to-software interface that enables Web-based applications to be part of your transportation management system. You can access outside information without leaving your working application. For all practical purposes, it's built-in. For example, Google Maps APIs are often built into Web sites.

Q: How are APIs used in the logistics sector?

HEINE: There are so many uses. TransCore Connexion is a tool available for brokers and carriers to instantly communicate with Transcore's DAT Network. Have an available truck? Without leaving your working application, you can instantly see the latest rates for the lane you want. Need a load? You can view the loads available right now. TransCore also offers an API for insurance and carrier compliance; so do Risk Management Information Systems and Posteverywhere. TransCredit offers an API for shipper credit information. uFollowit has a GPS application that tracks cell phones and delivers the information via API. Icontainer.com has an API for international freight rates, so you can get port-to-port or door-to-door pricing in an instant. Epay Manager has APIs for adding visibility to your accounts payable. LoadOpt offers APIs for optimum LTL shipment consolidation. Comdata has APIs for issuing Comchecks, express cash, or virtual credit cards. PC Miler now offers an API for truck mileages. Beyond these, common carriers often have APIs for rates, delivery information, and even signed documents.

Q: So APIs display information from other Web sites?

HEINE: Yes, but it goes deeper than that. Take e-signatures, for example. Rate agreements, quotes, and contracts can all be e-signed. Sertifi is a market leader in this. You can email a document to a customer or trading partner through a Sertifi API. Sertifi adds a unique signature element to the document, then forwards it to your recipient quickly and transparently. For the recipient, it's simple; they can type or tap in their signature. The e-signed document is then e-mailed back as an attached PDF to you or whoever sent it. A proof of delivery or bill of lading can be e-signed from an iPhone, iPad, or any smartphone and be back in your office within seconds.

Q: E-signatures are new to logistics. Are they legal?

HEINE: Yes, courts have upheld agreements with e-signed documents. Companies such as Pitney Bowes, Microsoft, Salesforce.com, and Comcast use documents with e-signatures. It's likely that within the next five years, more than 50 percent of logistics documents will be electronically signed.

Aljex Software | 732-357-8700
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TOM
HEINE
CEO,
Aljex Software

Getting a Handle on Specialized Transportation Costs

Q: Why is controlling fuel and permitting costs important for companies moving heavy equipment?

LOWRY: Managing these increasing costs is a major task, but it's essential to gain greater efficiency and profitability. With state governments across the country facing significant declines in tax revenue, many are enforcing new weight restrictions and fuel tax requirements on the freight industry to help recoup lost revenue.

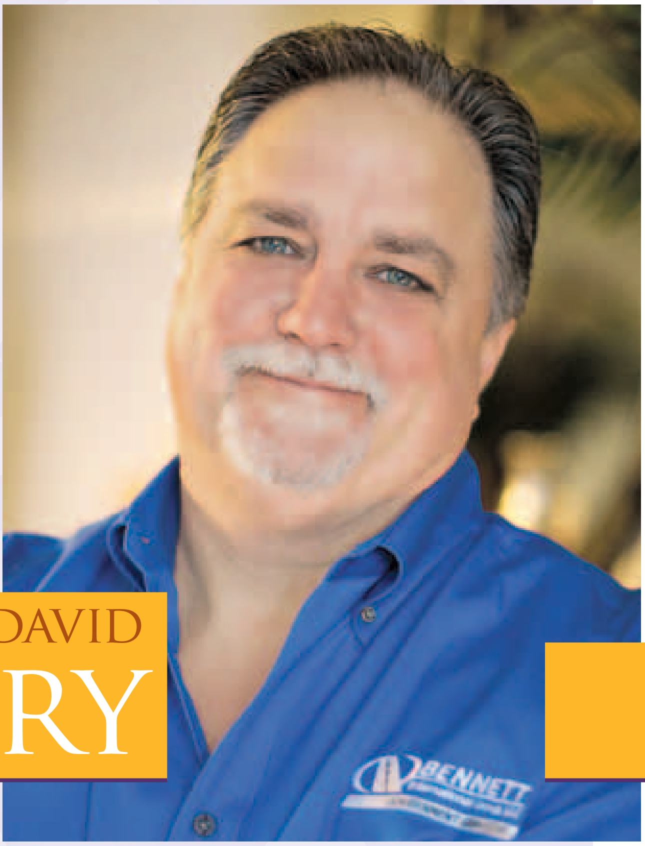
Transportation and fuel costs accounted for 62 percent of supply chain spending in 2010, according to the latest Council of Supply Chain Management Professionals study. With diesel costs hovering at an average of $3.90 this year, states are increasingly relying on higher fuel tax rates to supplement lost revenue.

Couple increased fuel prices with various state permitting costs and requirements, and it becomes clear that higher transportation costs will be a fact of life for several years to come.

Q: What steps can shippers take to control these costs?

LOWRY: Fortunately, there are several solutions for managing rising fuel and permitting costs for greater supply chain efficiency. These include:

- **Use an asset-based specialized carrier to get a better handle on fuel costs.** Carriers who are willing to invest in diverse fleet equipment and technology solutions can offer a range of tools to reduce transportation costs. The tools include GPS-enabled trailers for tracking and tracing, fuel management dashboards, and other resources for complete transport optimization and visibility.
- **Ensure your specialized carrier uses a continuous improvement process as part of the permitting procedure.** State permitting costs and requirements are based on the individual needs of that government, which means processes and costs are constantly changing. Many companies can gain significant savings by choosing a specialized transport partner with an experienced permitting division, and measurable processes in place to ensure the correct equipment is used for multi-state moves.



DAVID LOWRY

President
Bennett Motor Express

- **Look for a specialized transporter with an expansive network of locations and the ability to deliver additional value-add solutions.** Transporters with a nationwide footprint of managed terminals can assist companies with shipment consolidation or regional just-in-time delivery, as well as yard management, warehousing, and other value-added solutions.

Bennett Motor Express | 800-866-5500
marketing@bennettig.com | www.bennettig.com

Coordinated Transportation Improves Margins for Wholesalers

Q: What are wholesale distributors hoping to achieve with transportation initiatives?

MULQUEEN: Transportation initiatives are approved and funded based on their track record of delivering quick ROI through freight spend reduction. However, leading wholesalers understand that siloed transportation planning, while beneficial, has limitations. It does not take into account the impact of transportation on the warehouse, and more importantly, is ignorant of inventory costs. In some instances, the right decision may be to spend more on transportation.

Q: Isn't that counterintuitive?

MULQUEEN: Not if you look at it holistically. Inventory represents a large expense for distributors. While transportation initiatives can generate freight savings, these savings are lost if transportation decisions negatively impact inventory. Therefore, distributors can't look at each supply chain process in isolation. An execution platform that minimizes total costs while adhering to the corporate supply chain strategy is the optimal solution.

Q: How does that work?

MULQUEEN: An example would be cross-docking and flow-through distribution. Once thought of as an option only for retailers, wholesale distributors with multi-tiered networks (i.e. central DCs shipping to warehouses) can enable great inventory savings by flowing inventory through the central DCs and minimizing the amount of time inventory sits.

A good transportation system provides companies with the visibility to know what's coming on the inbound side, and, in coordination with an available-to-promise engine, allocate that shipment for immediate distribution on the outbound side. Not taking the inbound freight into inventory allows wholesalers to positively impact both DC labor and inventory carrying costs.

Q: That makes sense for complex distribution networks. But what about companies that have flat networks?

MULQUEEN: Increasing the amount of freight a wholesaler manages in the inbound network continues to be top of mind. Wholesalers need to be cautious, however, and not take a one-size-fits-all approach. Some mega-retailers' scale, scope, and market dominance enable them to profitably manage virtually all their inbound freight, but most wholesalers will need to be more selective. Cherry-picking the most profitable suppliers for conversion is done by understanding the differences between freight allowances provided by the supplier and the estimated cost of managing the freight internally. Additionally, wholesalers need to apply a risk premium to their calculations, because transportation costs continue to be extremely volatile. A supplier that would be marginally profitable to convert today may be unprofitable tomorrow.

MIKE MULQUEEN

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QUESTIONS & ANSWERS

David Frentzel, Vice President of Global Contract Logistics, APL Logistics

THE BRIGHT SIDE OF LOGISTICS IN INDIA

There is more to India's supply chain scene than its transportation infrastructure shortcomings. **APL Logistics' David Frentzel** shares insights from a recent tour of his company's Indian facilities and meetings with shippers.

An APL container navigates through traffic in Mumbai.

When it comes to establishing operations in India, companies face numerous supply chain hurdles. The largest one of all, however, may be a perception rather than a reality.

"Today's businesses are almost hyper-aware of India's supply chain drawbacks," says David Frentzel, vice president of global contract logistics at Scottsdale, Ariz.-based third-party logistics provider APL Logistics. "But they've been largely kept in the dark about solutions or tools that could help them address those challenges. As a result, many companies operate under the assumption that nothing can be done about them—even though that's far from true."

In this exclusive interview, *Inbound Logistics* asked Frentzel, who recently returned from visiting APL Logistics' facilities and customers in India, to help set the record straight.

Q Since we're discussing India, it seems appropriate to start by addressing the elephant in the room: Is the state of logistics in India really as challenging as people say?

A It is – and I say that based on both my firsthand, on-the-ground observations and data from various sources. For example, the World Bank ranks India 134th out of 183 countries in terms of ease of doing business and ranks the country's logistics performance 46th out of 154 countries. By contrast, the United States and China ranked 5th and 79th, respectively, for ease of doing business and 15th and 26th for logistics performance.

Q You're more reluctant than other logistics service providers to emphasize the negatives. Why is that?

A It's certainly necessary for supply chain professionals to be candid with shippers about the logistics challenges they'll face when doing business in India, because those challenges are formidable. But there's a big difference between pointing out problems and trying to do something about them, and that's where many supply chain professionals seem to fall short.

Imagine what it would be like if you went to a doctor and were diagnosed with a chronic condition. If your doctor then listed all the uncomfortable symptoms but failed to give you something for pain or recommend a course of treatment, you'd probably consider changing doctors, because you're looking for relief, not gloom-and-doom.

It's the same with companies' supply chains in India. Generously dispensing the bad news about ongoing challenges, such as the state of the country's roadways, tax laws, and distribution centers, is not helpful unless it's balanced with some realistic advice about how companies can work their way through them.

Q Are you willing to dispense that advice—starting with the infrastructure issue?

A I'm the first to admit that the country's roadways leave a lot to be desired. They're highly congested, and many are in very poor condition. And with just 70,000 miles of them, they're not nearly extensive enough to handle the dramatic increases of traffic that are expected in the next 10 years. I also agree with the many experts who say that India needs to substantially expand both its supply of, and reliance on, ports, airports, and roadways.

But the good news is it's making some progress. According to a June 2011 report, India will award $12 billion worth of highway construction projects this year, which it's hoping will add 4,536 additional miles to its roadways and get it back on track to its goal of completing 20 new kilometers of road per day within three years.

India also will begin having companies that are competing for road contracts bid online in hopes of making the bidding process more transparent and therefore more attractive to foreign investors.

Plus, several promising infrastructure improvements are underway. These include the Golden Quadrilateral, North-South Corridor and East-West Corridor (roadways); Pipavav, Mundra and Hamra ports; and Bangladore, Hyderabad, New Delhi, and Mumbai airports.

Furthermore, the Indian government plans major investments that will triple the country's cargo handling capacity at 12 major ports, with the goal of being able to handle three billion tons per year by 2020.

In addition, the Indian government has encouraged private infrastructure investment and the launch of privately operated rail transportation solutions such as APL Logistics' IndiaLinx. This latter point may become especially important to shippers of large, heavy-weight goods, because restrictions on the size of trucks that will be allowed on the highways are anticipated; in fact, their need to rely more on rail may help accelerate more intermodal innovation and investment.

Even though India's transportation glass may currently be half empty, rather than half full, the situation is slowly changing for the better.

Q What can companies do to increase their India transportation efficiency in the meantime?

A In a country where it's not unusual for the average delivery truck to move at 12 miles per hour, a better mix of rail and truck could make all the difference. Expanding private rail services with stacked train options could be especially useful while the road network catches up, particularly along India's major north and south rail corridors.

In addition, I can't stress enough how important distribution centers are in terms of enabling companies to use local depots and inventory on hand to help offset delivery volatility. That's not something we always want to advocate in logistics. But it's often a necessity that has to be factored in.

Q Why do so many companies operate a warehouse in every Indian state instead of employing more centralized DC strategies like they do in other countries?

A Financial necessity. Right now, India has yet to adopt a uniform goods and services tax (GST) nationwide. A labyrinth of state tax regulations requires companies to pay taxes each time inventory crosses state lines, so shippers have learned to minimize their tax burden by having a DC in most Indian states where they do business.

There are plans to introduce a GST. But unfortunately, progress has suffered multiple delays, because it has been a huge challenge trying to reach the necessary consensus among the states. At least half the states—and two-thirds of India's Parliament—have to approve the new tax in order for it to go through.

Will it happen in 2012 as many predict? It's hard to say for sure given past delays, the unpredictability of government decisions, and what is at stake for the individual states. Political momentum seems to be building, however, especially with the recent appointment of Sushil Modi as the GST panel's new chair. Modi, who is a key member of the opposition party, has been a strong advocate of the GST from day one, and experts believe that having him head the charge could help diffuse a lot of the opposition and help pave the way for an eventual consensus.

Q Assuming the GST does finally go into effect, does that mean companies will be free to pursue more efficient distribution network designs in India?

A Absolutely. Some analysts estimate that the GST could add 1.5 percentage points to India's already fast-growing economy by eliminating inefficient tax avoidance practices, including those costly, decentralized, state-by-state distribution networks. It will be much more feasible for

India's growing population of skilled young workers benefits the country's warehouse operations.

companies to pursue DC network strategies that use larger regional hubs instead of multiple smaller ones. And that, in turn, will help improve their overall India logistics efficiency.

Q Once companies can employ this more regional DC strategy, what warehousing venues should they pay special attention to? How many warehouses should they consider operating within India?

A That's a question better answered by a network optimization exercise, because every company's ideal mix of locations will be a bit different. In general, however, sites near Bangladore, Chennai, Gurgaon, Hyderabad, Kolkata, Mumbai, Nagpu, Patna, and Ziakpu deserve a closer look.

Q Assuming companies do wish to set up warehousing operations in one of these markets, what lead times and expenses should they be looking at?

A It's all over the map. For example, according to the World Bank, opening a warehouse in Mumbai requires obtaining 37 permits, which should take a company about 200 days. By contrast, Kolkata requires just 27 permits; however it takes 58 additional days to get them.

Q So a good rule of thumb is to factor in a fair amount of lead time and start-up budget, regardless of which venue a company chooses?

A Unless companies elect to work with a property developer that has space available, or a 3PL that already operates facilities in their areas of choice, yes.

It's also important to collaborate closely with contractors during the construction phase, especially on basic issues such as the quality of the flooring, because cracking is a common issue. For example, during construction of APL Logistics' newest India facility, we requested a higher grade of cement.

Q In the past, limited communications and power supply reliability impaired operational efficiency for many warehouses in India. How much of an issue will those limitations be going forward? And what can companies do to offset them?

A India's Power For All By 2012 initiative means that power and communications improvements are on the way, but I wouldn't expect that to be an immediate panacea. For the foreseeable future, companies should still invest in battery packs, back-up diesel generators, and uninterrupted power supply solutions for their India DCs.

Q What about the high rate of inflation in India? How is it impacting logistics?

A In June 2011, the Indian government reported a higher-than-expected 9.06 inflation rate in May from one year earlier. This led its central bank to raise the benchmark interest rate for the tenth time in 16 months. For logisticians in India, this persistent inflation has contributed to the rising cost of everything from labor to fuel—and related services.

It's difficult to predict how quickly government efforts will be successful in cooling the economy and taming inflation. But like other world regions, the prospect of a return to high oil prices causes concern. The silver lining, however, is that improvements in India's infrastructure and the GST changes should enable companies in India to boost logistics and transportation efficiency (in other words, do more with less) despite rising fuel and commodity prices.

Q No discussion of India would be complete without mentioning its vast working age population.

A India has a huge young and largely English-speaking workforce, which will add close to 140 million people to its ranks in the next decade. This is good news in terms of warehouse operations, because India's warehouses tend to require three to five times more human resources than warehouses in the United States.

But it's important to make a distinction between labor and skilled labor. The country still struggles with low educational levels and high illiteracy rates because, until recently, many Indian parents pulled their children out of school to help with farming.

Now that India has become such a fast-growing economy, many Indian parents are rethinking that practice and encouraging their children to stay in school longer, because they know it will help them land better jobs. Yet it will take time for what is currently a large skills gap to completely close.

Q What do you advise companies to do in the interim?

A Even though it will cost more money to do it, companies should hire college and high school graduates to work in their India distribution centers. The superior skills these graduates bring will be worth the extra expense.

In addition, companies should create initiatives that will help retain these professionals once they've been trained, because many companies will be looking for opportunities to recruit them after that. Another option is to work with 3PLs that have already done the recruiting and training work and have strong retention and incentive programs in place.

Q What does India's future hold?

A Regardless of how companies feel about doing business in India at the moment, two things are certain: It's already the world's second-fastest growing economy, with an estimated GDP growth of 8.5 percent.

And as its population of 1.2 billion people grows, it's only going to become more significant.

Businesses may face some bumps—or potholes—in the road as they work to get established there. But it's a journey that should be well worth it in the end. ■

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HEY–WHERE'S MY CONTAINER? WHERE'S MY FREIGHT CAR?

[WMS]

BUYER'S GUIDE 2011

Warehouse managers are striving to boost operational efficiency while facing economic uncertainty and increasing customer demands, according to *Challenges for Today's Warehouse Managers*, a whitepaper sponsored by consulting firm WMS Support and solutions provider Foxfire Software.

"In the down economy, there is no downturn on customer requirements," notes the whitepaper. "Customers are asking distribution centers to change the way they operate to maintain their own businesses."

Effectively using a warehouse management system (WMS) can provide key benefits to help warehouse managers deliver better service and respond to changing market conditions. Identifying the solution with the right combination of capabilities and tools to improve warehouse performance can present another challenge, however.

On the following pages, our guide to some leading WMS products offers a quick reference to facilitate your research. Whether you're starting from scratch, integrating with existing enterprise resource planning software, or upgrading from an older WMS, you'll find the facts you need to select the right solution for your warehouse.

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	COMPANY	PRODUCT	WHAT IT DOES
H	**3PL Central** *Manhattan Beach, Calif.* 3plcentral.com 888-375-2368	**3PL Warehouse Manager**	Manages inventory in real time with global visibility, automated reporting, online order entry, lot/serial number tracking, billing management, electronic data interchange (EDI), bar-code scanning, and a supplier module.
L	**AL Systems** *Rockaway, N.J.* alsystemsinc.com 800-548-3745	**DynaPro**	Combines paperless picking and packing systems, shipping and manifesting tools, and warehouse control systems with real-time reporting and labor optimization tools.
L	**Apriso Corporation** *Long Beach, Calif.* apriso.com 888-400-7587	**FlexNext Warehouse**	Unifies manufacturing operations with warehouse processes, directing workers and equipment to perform tasks such as putaways and cross-docking materials to and from production.
B	**Argos Software** *Fresno, Calif.* argossoftware.com 888-253-5353	**ABECAS Insight**	Accounting-based, process-driven software for warehousing and transportation operations includes business automation and intelligence tools, scanning, EDI, Web portal, and dashboards.
B	**ASC Software** *Dayton, Ohio* ascbarcode.com 937-429-1428	**ASCTrac WMS**	Supports 3PL inventory and billing through configurable, RF-directed workflow and user-defined views. Provides FDA-style lot traceability of purchased and manufactured inventory.
H	**ASP Global Services** *Chatsworth, Calif.* aspgs.com 866-887-2972	**SphereWMS**	Allows for managing multiple warehouse and client receiving, shipping, and inventory control activities, including ad hoc reporting and integration to QuickBooks and other systems.
L	**Cadre Technologies** *Denver, Colo.* cadretech.com 866-25-CADRE	**Cadence WMS**	Helps manage receiving and putaway; location management; product/SKU management; lot, serial number, and date control; order processing; picking/packing; replenishment; equipment interfaces to pick-to-light, conveyor, and sortation.
B	**Camelot 3PL Software** *Charlotte, N.C.* 3plsoftware.com 866-3PL-SOFT	**3PLink**	Automates receiving, inventory management, pick/pack/ship, and billing processes. Additional features include EDI, handheld or voice scanning, workflow, KPIs, signature capture, and online inventory.
L	**Daifuku America** *Salt Lake City, Utah* daifukuamerica.com 801-359-9900	**eWareNavi**	Directs equipment and multiple warehouse workers simultaneously. Provides inventory control, flexibility, and visibility. Effective for conventional warehouses, partially automated, and/or fully automated distribution facilities.
B	**Datex Corporation** *Clearwater, Fla.* datexcorp.com 800-933-2839	**FootPrint WMS**	Controls materials movement and storage within a warehouse. Features ad hoc reporting; activity-based billing; real-time information visibility; lot track and trace; integrations to ERP; and accounting applications.

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	COMPANY	PRODUCT	WHAT IT DOES
H	**Deposco** *Alpharetta, Ga.* deposco.com 877-770-1110	**ShipForce**	Receives orders using WiFi-enabled handheld devices, and validates receipts against purchase orders or advance shipping notes. Manages directed putaway and picking. Provides tools required to build and manage shipments.
B	**Epicor Software** *Livermore, Calif.* epicor.com 800-999-1809	**Epicor Distribution**	Offers total warehouse management, inventory control, finite bin and package definitions, and task and load management. Features inbound and outbound serial tracking, pick planning, consolidated picking, order pack-out, cross-docking, carton packing, RFID, and manifesting interfaces.
B	**Foxfire Software** *Greenville, S.C.* foxfiresoftware.com 864-868-5243	**Foxfire WMS**	Automates warehouse business processes such as receiving, putaway, inventory management, location management, cycle counting, waving, allocation, multiple picking methods, loading, shipping, and ERP integration.
B	**HighJump Software** *Eden Prairie, Minn.* highjump.com 866-444-4586	**Warehouse Advantage**	Executes processes such as receiving, putaway/flow-through, inventory management, order processing, replenishment / pick / pack, loading, and shipping. Utilizes wireless and bar-code technology for quick fulfillment through directed, optimized workflow.
L	**IES** *Midland Park, N.J.* iesltd.com 201-639-5000	**The IES WMS Solution**	Provides visibility into receiving, stocking, assembly, and load operations from any local or remote location. Integrates with international and domestic shipping modules to maximize resources and revenue by combining warehousing and transportation processes.
L	**Infor** *Alpharetta, Ga.* infor.com 800-260-2640	**Infor SCM's Warehouse Management**	Enables users to see what inventory is or will be available, organize work, align resources and labor, and optimize fulfillment and distribution processes to ensure that products are delivered on time and in full.
L	**Interlink Technologies** *Perrysburg, Ohio* thinkinterlink.com 800-655-5465	**Warehouse Link (WHSe-LINK)**	Manages receiving through shipping using wireless, bar-code technology. Supports multi-building/location/company operations and provides detailed, reliable, real-time inventory visibility.
L	**IQMS** *Paso Robles, Calif.* iqms.com 866-367-3772	**EnterpriseIQ**	Enables either serialized or non-serialized bar-code transactions using hand-held devices or PDAs, so users can completely manage inventory from receipt through shipment without keying any information into a desktop computer.
B	**Knighted Computer Systems** *Ossining, N.Y.* knightedcs.com 914-762-0505	**Vision WMS**	Manages a variety of picking methods, including batch, case, pallet, piece, wave, zone, voice-directed, and pick-to-light. Enables multi cross-channel retail and wholesale distribution, and process and automation control.
L	**Logility** *Atlanta, Ga.* logility.com 800-762-5207	**Voyager WarehousePRO**	Allows companies to effectively manage all warehouse activities, including receiving, putaway, cross-docking, wave/batch/zone picking, verification, transfers, replenishments, pick/pack/ship, and container tracking.

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	COMPANY	PRODUCT	WHAT IT DOES
B	**Logimax Inc.** *Jacksonville, Fla.* e-logimax.com 904-399-8500	**Logimax**	Web/XML-based WMS offers warehouse automation, repack/assembly, yard management, integrated billing, e-commerce tools, and real-time customer Web access.
L	**LOG-NET** *Red Bank, N.J.* log-net.com 732-758-6800	**LOG-NET Shipment and Warehouse Management**	Provides operational functionality to plan, receive, process, and invoice warehouse activities. Specifically facilitates warehouse bookings, receiving, transfers, load plans, and manifests; offers a worldwide view of on-hand inventories; and processes over, short, and damage exceptions.
B	**Made4net** *Paramus, N.J.* made4net.com 201-645-4345	**WarehouseExpert**	Using RF and .Net technology, WarehouseExpert improves inventory accuracy, maximizes space utilization, and automates order fulfillment, replenishment, pick and pack, loading, and shipping.
L	**Magaya Corp.** *Miami, Fla.* magaya.com 786-845-9150	**Magaya WMS**	Controls cargo transfer, receipt, and storage, and provides integrated accounting. Increases the speed and accuracy of receiving, sorting, counting, picking, and loading by scanning bar codes with wireless handheld units. Offers real-time inventory visibility.
B	**Manhattan Associates** *Atlanta, Ga.* manh.com 770-955-7070	**Warehouse Management**	Optimizes distribution facility space, staff, inventory, and equipment. Included in the Distribution Management suite of the Manhattan SCOPE portfolio. Increases billing, inventory, and order fulfillment accuracy.
L	**Mincron Software Systems** *Houston, Texas* mincron.com 800-299-7010	**Warehouse Solution**	Offers a menu of capabilities that can reduce inventory, fill orders quickly, improve accuracy, prioritize shipments, maximize worker productivity, minimize wasted space, and ensure customer fulfillment.
H	**Next View Software** *Orange, Calif.* nextviewsoftware.com 714-881-5105	**Next View WMS**	Optimizes inventory, space, and labor across the supply chain. Provides complete visibility of raw materials, work in process, and finished goods across manufacturing, distribution, retail, and 3PL facilities.
L	**Oracle** *Redwood Shores, Calif.* oracle.com 800-633-0738	**Oracle Warehouse Management**	Automates and optimizes materials handling processes to reduce labor costs, improve facility utilization, and increase order accuracy. Supports inbound, outbound, and reverse logistics; finished, raw, and work-in-process materials; and manufacturing and distribution environments.
B	**Quality Software Systems** *Somerset, N.J.* qssi-wms.com 800-338-4420	**PowerHouse Warehouse Innovation Suite**	Improves inventory accuracy and customer service levels; reduces order processing time, putaway, and picking errors; enhances human and warehouse resources; and decreases inventory carrying costs and physical inventories.
B	**RedPrairie** *Alpharetta, Ga.* redprairie.com 877-733-7724	**RedPrairie Warehouse Management**	Optimizes inbound through outbound shipments. Provides inventory management, slotting, picking, packing, assembly, asset management, voice, and distributed order management.

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	COMPANY	PRODUCT	WHAT IT DOES
L	**Retalix** *Plano, Texas* retalix.com 469-241-8400	**Retalix Power Warehouse**	Manages route-based, multi-stop food distribution operations with tools and features designed to enhance efficiency and improve customer service. Automates location and task management utilizing wireless RF and voice-activated technology.
L	**Robocom Systems International** *Farmingdale, N.Y.* robocom.com 631-753-2180	**RIMS, ROC Enterprise**	Definable options include paper, RF, or voice, as well as functionality such as receiving, picking, and shipping. Tracks date, lot, weight, length, size, serial number, and point of origin at the item level.
B	**Royal 4 Systems** *Long Beach, Calif.* royal4.com 562-420-9594	**WISE**	Controls inbound, value-added services, outbound, AS/RS integration, and sequencing for just-in-time deliveries. Includes tools for load planning, delivery scheduling, and EDI advance ship notices confirmation.
L	**SAP** *Newton Square, Pa.* sap.com 800-872-1727	**SAP WMS**	Offers item management and queries, and lets users define unlimited price lists and associate them with each customer or vendor. Records prices for unique customers or from unique vendors, and enables users to set quality-sensitive prices. Operates as a standalone WMS or in conjunction with SAP's ERP.
B	**Sologlobe** *Montreal, Quebec* sologlobe.com 514-938-4562	**SOLOCHAIN**	Supplies end-to-end inventory tracing and visibility. Includes order management, inbound execution, advanced picking and shipping functions, voice recognition technology, yard and dock management, 3PL advanced billing, manufacturing execution, and dynamic slotting.
L	**Sterling Commerce** *Dublin, Ohio* sterlingcommerce.com 800-876-9772	**Sterling WMS**	Provides complete control and visibility from product receipt through the fulfillment process; exception-based management; and capabilities for managing value-added service requirements.
B	**Supply Vision Inc.** *Arlington Heights, Ill.* supply-vision.com 847-388-0065	**Supply Vision WMS**	Automates third-party logistics providers and small to mid-sized manufacturer warehousing and distribution activities. Optimizes receiving, putaway, and picking processes with integrated shipping solutions.
B	**TECSYS** *Montreal, Quebec* tecsys.com 800-922-8649	**TECSYS WMS**	Automates and optimizes logistics processes. Provides extended functions including visual logistics, real-time collaboration, and business intelligence. Improves accuracy, reduces operational costs, and enhances customer service levels.
L	**Westfalia Technologies** *York, Pa.* westfaliausa.com 800-673-2522	***Savanna*.NET**	Controls and optimizes all product flows, order picking, reverse logistics, yard management, and manual operations. Integrates with all existing hardware and software including ERP, Web, and RFID.
H	**WITRON** *Arlington Heights, Ill.* witron.com 847-385-6000	**Witron WMS**	Allows distribution centers to automatically pick cases, build pallets of mixed SKUs, and stretch wrap and ship orders. Multi-language support for user interfaces allows the same platform to be used internationally.

Freight Bill Payment and Auditing Services:

FINDING THE HIDDEN GOLD

They may be designed to perform a straightforward function, but freight bill payment and auditing services can also reveal money-saving operations data.

Shippers spend an average of 54 percent of total logistics expenditures on transportation, according to *The State of Logistics Outsourcing in 2010*, an annual report produced by CapGemini, the Georgia Institute of Technology, and Panalpina. Considering the enormities of those costs, shippers have much to gain by ensuring their freight invoices are accurate and paid on time.

As a result, many shippers choose to outsource freight bill payment and auditing to businesses that specialize in providing such services. But, as many companies that utilize these services realize, there is more to freight bill payment and auditing than meets the eye. While these services may appear to perform a single function, they add value by delivering key data that can uncover insights about a company's operations.

"Companies can save 10 to 20 percent on transportation costs by truly managing the whole process. They can identify consolidation opportunities, cut unnecessary premium freight or next-day delivery spending, and trim costs by making smarter transportation decisions."

–**Brian Scott,** vice president of global sales, CTSI-Global

FOLLOWING THE FREIGHT BILL PAYMENT PROCESS

Traditionally, shippers negotiate contracts with one or more carriers to ship products around the country or around the globe, then hire freight bill payment and auditing companies to review contracts, rates, and tariffs, and audit incoming invoices. The audit ensures the bills' validity; checks mileage, accessorial charges, and tariff usage; verifies it is the correct customer's invoice to pay; and confirms the bill is not a duplicate.

Once the audit function is complete, the invoices are aged to their negotiated payment terms. The freight bill payment and auditing company then submits payment on the shipper's behalf, and provides reports that help complete their general ledger account coding.

"Freight bill auditing gives companies an immediate return on investment," says Allan Miner, president of Cleveland, Ohio-based CT Logistics, which has been offering freight payment cost allocation and reporting solutions for 88 years. "They immediately know that they are paying out the correct amount and don't have to search for mistakes or overbilling on their own."

Checking these facts can make a significant financial impact. "Historically, the most important aspect of freight bill payment and auditing services has been cost savings," says Brian Scott, vice president of global sales for CTSI-Global, a Memphis-based company that has been providing logistics services since 1955. "Some carriers overbill, so those savings can add up. They are usually honest mistakes, but they happen. Our goal is to find those mistakes so shippers don't overpay."

Fuel tables that are set up incorrectly can be a source of overbilling, as can accidental charges for items that are excluded by contract. "Someone manually enters this information, so mistakes can occur—at up to as much as a two

to four percent error rate," says Scott. "International shipping leaves even more room for mistakes. It's complicated, and more prone to errors. The error rate can climb as high as 10 percent."

A MONEY-SAVING FUNCTION

In addition to catching errors, freight bill payment and auditing services can save shippers significant labor and other internal costs. The freight bill payment and auditing service provider can process and manage invoices much less expensively due to simple economies of scale. Considering today's challenging business environment, these types of savings can go a long way.

"Companies today face greater challenges than ever before," says Harold Friedman, senior vice president of global corporate development at Fort Myers, Fla.-based Data2Logistics, LLC. "The economy is sputtering along, and carrier prices are rising as many carriers are leaving the market and not being replaced.

"Couple that with fuel surcharges, and it's difficult for companies to reduce costs—yet there is a lot of pressure on them to do just that," he adds.

Freight charges often represent up to 10 percent of a company's total expenses. Freight bill payment and auditing services can help companies more easily track and examine where their dollars are going and ensure they are paying the correct fees for the services they need.

"It's important to understand your true landed costs," says Tom Zygmunt,

AUDITING POTENTIAL PROVIDERS

Once you decide to outsource freight bill payment and auditing, consider the following factors before settling on a provider.

- **Financial stability.** "In most cases, you are entrusting the provider to make payments to your carriers, so its financial stability and security are very important," says Tom Zygmunt, manager of marketing, Cass Information Systems. This is especially important in today's economic environment. Ensure the provider you choose has a proven track record and strong financial position.

- **Management depth and experience.** Does the company's staff include several experienced managers? If one key person leaves, will others be able to manage appropriately?

- **Technology.** Technology changes quickly. Is the provider committed to keeping up with it? Can it invest in the technology needed going forward? Does it have the expertise to take advantage of new technology to improve its service?

- **Security.** Information systems must be adequately protected from viruses and intruders.

- **Customer service.** Customer service is a key factor because the provider processes bills on your behalf daily. It is basically an extension of your company, so ensure the service provider can offer excellent service and is easy to work with.

- **References.** Don't be afraid to ask a provider for a list of references and contact information so you can verify it has satisfied customers who recommend it.

"There are a lot of freight payment providers out there," says Carman R. Stripling, corporate transportation manager at flooring company Mohawk Industries, Calhoun, Ga. "It's important to find the one that matches your company's needs. Some do more thorough audits than others, but you have to think about what benefits you plan to achieve, then match your company's needs to the provider's strengths."

manager of marketing for Cass Information Systems, Inc., a Missouri-based corporation that provides freight invoice audit, payment, business intelligence, and transportation/financial analytics through the Internet.

"Today, expense management is critical to a firm's survival, so understanding the true cost of moving a shipment from Point A to Point B is essential to control transportation expenditures," he says.

IN EXPERT HANDS

In 2010, approximately 40 percent of North American firms outsourced some part of their freight bill payment activity, according to *The State of Logistics Outsourcing*. Maintaining control and performing audit and payment services internally can be challenging, because most shippers don't have adequate resources to do it correctly.

The expertise needed to catch mistakes quickly and easily does not come overnight. Freight bill payment and auditing companies have developed specific knowledge and sophisticated technology systems that allow them to find errors that might otherwise slip by. While cost savings depend on the nature of the industry, typical savings on rate overcharges and duplicate payments alone can range from 1.5 to five percent, Scott says.

"It costs shippers between $3 and $11 to process a freight bill internally," says Friedman. "No matter which vendor they choose to handle freight bill payment and auditing services, shippers will pay a fraction of that cost."

In addition, many shippers use dated technology systems that are not capable of performing an efficient and effective bill audit. Even newer enterprise resource planning systems are primarily designed to capture payment data, and are not robust enough to allow shippers to manage the entire process.

"Freight bill payment providers specialize in managing transportation expenses," says Miner. "They are committed to using the latest technology."

In addition, while freight bill payment and auditing companies focus solely on that function, shippers have many other aspects of their business to handle, which can mean freight bills are checked only sporadically, or not at all.

Freight bill payment and auditing services are worth their weight in gold, says Carman R. Stripling, corporate transportation manager at flooring company Mohawk Industries in Calhoun, Ga. "We need to focus on our core competencies, not auditing invoices," she notes.

Leaving freight bill payment and auditing to the professionals also ensures faster and more accurate results. "Our automated audit process can catch more mistakes than an average shipper can in-house," says Scott. "We can analyze the invoices more quickly, efficiently, and less expensively."

"The data freight bill payment and auditing services supply shippers helps them better manage their supply chain and analyze costs. That ability has become more important to shippers over the past several years."

– **Keith Snavely,** senior vice president of global sales and marketing, nVision Global

EXAMINING THE DETAILS

In addition to the basic benefits of freight bill payment and auditing services, the data that a company can glean from using such services can be even more valuable. This is where the true bang for the buck surfaces.

The automation and reporting tools freight bill payment and auditing suppliers often employ can allow a company to closely analyze where it is spending its money.

"The insight the reporting tools provide can lead companies to make important cost-cutting decisions, such as changing carriers," says Miner.

Using the data that's collected can allow a company to better manage its entire transportation process. "Companies can save 10 to 20 percent

PRICELESS PARTNERS

These leading freight bill payment and auditing services companies also provide shippers with valuable business intelligence data.

Cass Information Systems, St. Louis, Mo.
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Cass Information Systems' freight payment and auditing solution gives shippers the tools they need for effective transportation expense management. From easing the administrative tasks of invoice processing, to creating cost savings through invoice audits, to delivering actionable business intelligence, Cass delivers the benefits of an automated, best-practice freight bill payment and auditing system.

CT Logistics, Cleveland, Ohio
216-267-2000 • www.ctlogistics.com
CT Logistics' proprietary transportation software, *FreitRater*, provides a comprehensive freight bill audit, payment, and management reporting system designed specifically for freight shippers or consignees. It enables the user to budget for expected shipments, establish the most cost-effective shipping mode, accurately determine cost estimates for specific contracts, and develop shipping scenarios for various transportation options.

CTSI-Global, Memphis, Tenn.
888-836-5135 • www.ctsi-global.com
CTSI-Global's complete Software-as-a-Service transportation management system and freight bill payment and auditing services allow shippers to automate manual processes, improve performance levels, and cut transportation costs. The company analyzes each shipper's unique transportation operations to present new business process optimization initiatives at quarterly business reviews. These efforts help enhance the shipper's overall efficiency and quality, and generate savings.

Data2Logistics, Ft. Myers, Fla.
609-683-3917 • www.data2logistics.com
Data2Logistics' leading-edge technology has reshaped freight bill payment and auditing services, providing global visibility to actionable information for all transportation modes. Data2Logistics' Web-based tools provide alerts, diagnosis, analysis, and solutions to help shippers better manage and reduce their supply chain costs. Complemented by a full suite of business intelligence and consulting services, Data2Logistics helps shippers continuously find cost savings and optimization opportunities.

nVision Global, McDonough, Ga.
770-474-4122 • www.nvisionglobal.com
In an international market, every shipper demands a freight bill payment and auditing solution tailored to its individual needs. nVision provides a single-source global platform and database for shippers seeking a one-stop solution. Its proprietary technology is designed to accommodate all aspects of invoice processing, regardless of origin or destination.

"It costs shippers between $3 and $11 to process a freight bill internally. No matter which vendor they choose to handle freight bill payment and auditing services, shippers will pay a fraction of that cost."

–**Harold Friedman,** senior vice president of global corporate development, Data2Logistics LLC

on transportation costs by truly managing the whole process," says Scott. "When they see the whole picture, they can identify consolidation opportunities, cut unnecessary premium freight or next-day delivery spending, and trim costs by making smarter transportation decisions."

Over the past five to seven years, the freight management industry has evolved under pressure from both the economic downturn and corporate finance recordkeeping regulations. Those two factors have increased scrutiny on spending, according to Keith Snavely, senior vice president of global sales and marketing for McDonough, Ga.-based nVision Global.

"The data we supply shippers helps them better manage their supply chain and analyze costs," he says. "That ability has become more important to shippers over the past several years."

Because back-end accounting is done automatically and systemically, freight bill payment and auditing processes provide data companies can use to analyze their expenses, identify cost-reduction opportunities, and make good business management decisions.

For example, a consumer goods company can see at the product level how much it costs to deliver freight to certain clients. Based on what it finds out, it can then decide if it needs to adjust pricing for those clients.

Stripling concurs that the data is extremely valuable to shippers such as Mohawk. "We need to be able to gather payment and shipment data, and analyze it to make smart business decisions," she says. "The data we are able to glean is limitless, and its value is very high."

It's not hard to see why shippers appreciate the data insight freight bill payment and auditing services provide.

THE FUTURE IS GLOBAL

Today's global supply chain demands managing international shipping data. Hiring a freight bill payment and auditing service can help.

"Many clients want us to get into the international arena for them," says Miner. "Companies recognize that logistics and supply chain costs are impacted by non-U.S. based activity. International invoices are very complicated, and require handling by personnel who are multilingual and proficient in foreign currencies."

Whether shippers are concerned with international activities or are focused on domestic activity, freight bill payment and auditing services are growing in popularity and provide valuable benefits.

According to Stripling at Mohawk, freight bill payment and auditing services are a tremendous benefit not only from a business streamlining and intelligence standpoint, but also from a budgetary perspective.

"We have gleaned enough savings from using these services that they basically pay for themselves," she says. "And all the great data we have as a result is an additional benefit that is practically free." ■

Atlanta, USA **San Jose, Costa Rica** **Ellesmere Port, United Kingdom** **Kolkata, India** **Shenyang, China**

nVision Global is a leading Global Freight Audit, Payment & Logistics Information Management Services provider. Through our network of strategically placed full service processing centers, nVision Global partners with multi-national corporations seeking a truly global, single-source solution that transcends the traditional freight audit and payment offering.

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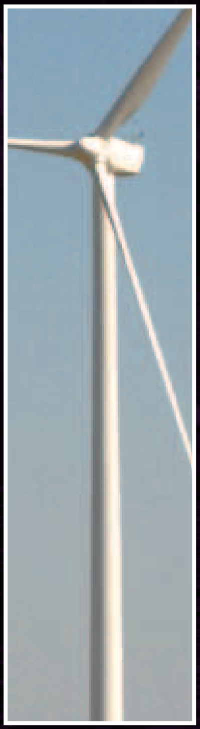
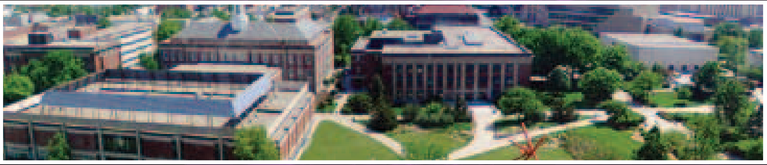




"Nebraska is blessed to be in the central part of the United States," says Governor Dave Heineman. "From its highways and railways, shippers can get products anywhere in America within two days. But it's more than that. Nebraska knows that when a company makes money, that means jobs. So we have created a very business-friendly environment."

Among the state's logistics advantages, the governor cites its low taxes and energy costs, strong educational resources, and its residents' Midwestern work ethic. Add to all that a rich history of public-private sector partnership in the transportation industry, and it's easy to see Nebraska's appeal to businesses siting manufacturing and distribution facilities.

"Nebraska's economic development efforts focus on outcomes and realistic solutions," says Richard Baier, director of the Nebraska Department of Economic Development. "We continually seek to move the state forward."

A key partner with government in this effort is the Nebraska Logistics Council, which operates under the umbrella of the Nebraska Trucking Association (NTA). The council's mission is to give its diverse membership new ideas and opportunities to grow in the logistics field.

"Our members include corporate officers from Fortune 500 companies, leaders of major Nebraska businesses, one-person organizations, account executives, and logistics support staff," says Larry Johnson, president of the NTA. "They have the opportunity to network and exchange ideas with others who face the same challenges and goals."

Johnson echoes Baier's assessment of Nebraska's spirit of partnership with the logistics sector.

"The Nebraska Trucking Association is a trade and lobby group for the state's trucking industry," he says. "We advocate for the highways. But because Nebraska is a very trucking-friendly state, not much lobbying is necessary."

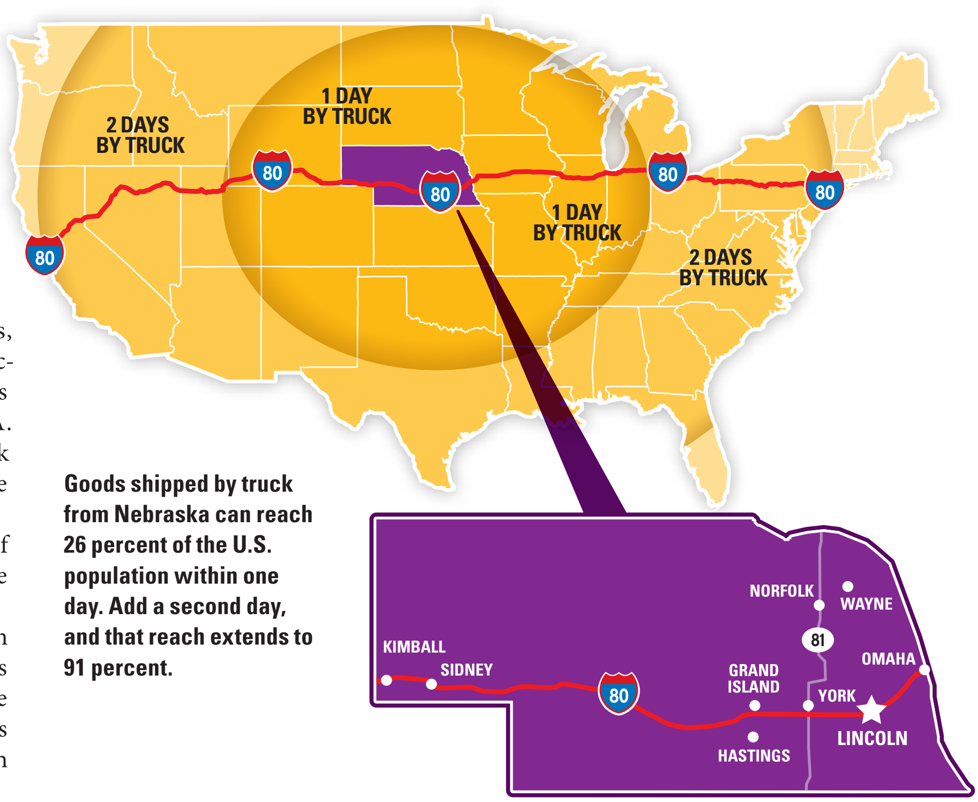
He cites the organization's working relationship with not only the Department of Economic Development, but also the Department of Labor, the Department of Motor Vehicles, and the Nebraska State Patrol Carrier Enforcement Division. "We collaborate on maintaining Nebraska as a trucking-friendly state," Johnson says, "and work together to create more jobs."

REACHING MAJOR MARKETS

Nebraska is a state full of advantages. Prominent on its list of benefits is I-80, which lies at the geographical center of the United States.

"If someone drew a target over the United States, central Nebraska would be the bull's-eye," says Jennifer Wolf, executive director of Dawson Area Development. "It is at the center of it all."

Advantageous Access



Goods shipped by truck from Nebraska can reach 26 percent of the U.S. population within one day. Add a second day, and that reach extends to 91 percent.

Dawson County, which Wolf represents, is one of nine counties that make up the I-80 region, along with Adams, Buffalo, Hall, Hamilton, Keith, Lincoln, Phelps, and York counties. In keeping with Nebraska's collaborative nature, all nine counties have banded together to form the I-80 Nebraska Coalition.

Spanning 250 miles east-to-west along I-80, the nine-county region extends from the Colorado state line to 45 miles west of Lincoln, the state capital, and provides extraordinary access to markets, suppliers, and vendors. Metropolitan areas within five hours of the region include Kansas City, Denver, Omaha, and Sioux Falls.

DC-POWERED: Walmart's one-million-square-foot distribution center in North Platte supports more than 75 stores within a 250-mile radius.

"A recent study showed that Nebraska has the highest per capita number of people employed in the trucking industry of all 50 states, and testimonials reflect excellent labor quality," says Wolf. "Add the fact that there are more than 4,000 acres of shovel-ready controlled sites and 20-some existing facilities, and everything about central Nebraska makes perfect sense for the transportation industry."

It is not surprising, then, that the I-80 region has become the focal point of opportunity for companies in search of the ideal site. "We've got what they need: land, labor, and location," Wolf says.

I-80 is the most highly traveled interstate in the United States, and the region's 30 primary exits along the highway provide access to three regional airports, as well as rail service from both Union Pacific and Burlington Northern Santa Fe. Four national highways run north-south across the I-80 region.

Of course, it can't be a perfect place to do business if it isn't also a perfect place to live. Here, too, the region stands out.

"The quality of life along the I-80 corridor is a tremendous drawing card for families – people with solid Midwestern values and a strong work ethic," says Mark Oettinger, general manager of the Walmart distribution center located in North Platte. "As a result, we're able to hire a quality workforce that is among our nation's best, which helps us better serve our customers every day."

GOING GLOBAL

Werner Enterprises, a transportation and logistics services provider with coverage throughout North America, Asia, Europe, South America, Africa, and Australia, finds Nebraska an ideal location for its global headquarters.

"Nebraska's more than 8,500 miles of interstate, freeway, and arterial roads play a major role in centrally dispatching our fleet of more than 7,300 trucks and nearly 25,000 trailers, which travel three million miles per day to the contiguous 48 U.S. states," says Derek Leathers, Werner's president and chief operating officer.

In addition to the strategic advantages inherent in the state's central U.S. location, Leathers cites Nebraska's attractive business incentives (*see sidebar, page 116*), stable economic climate (with unemployment rates at nearly half the national rate), and low cost of living. These factors, he says, translate into hard-working, dedicated employees.

Moreover, Werner capitalizes on the advantages Nebraska offers for players in the international logistics arena. In addition to its global headquarters in Omaha, Werner maintains offices in Canada, Mexico, China, and Australia.

"Nebraska represents a centralized distribution point for import products," Leathers says. "The road and rail transit systems facilitate economic inland delivery and offer transportation access for export shipments from Nebraska to the East Coast, West Coast, and Gulf ports."

Leathers is also bullish on Nebraska's business and lifestyle environment, which he says creates a comfortable home for international logistics providers – just as it does for those engaged in the domestic arena.

"Nebraska's business culture encourages international operations through a strategic blend of government and private-sector support," Leathers says. "There are more than 600 companies importing and exporting in the state of Nebraska across a diverse industry base. Additionally, the education system in the state offers us an excellent source of employee talent."

These advantages have assisted Werner's growth despite the challenging domestic and international economy. "Werner Enterprises is a debt-free company, which has allowed us to persevere through tough economic times while still investing in talent and technology," Leathers says. "While many companies retreat

from expansion plans and investment, Werner Enterprises was able to expand its global market to 117 countries and make significant overseas and domestic investments geared toward growth."

Thomas Hastings, president of TSL Companies, knows Nebraska's trucking traditions well. He grew up in the culture.

Extending an Advantage

Since 2006, businesses that locate in Nebraska have benefited from an array of economic incentives under the Nebraska Advantage program. Originally designed as a five-tier program, Nebraska Advantage gained an additional component, Super Tier 6, in 2009. Businesses eligible for the Nebraska Advantage program include those in manufacturing, distribution, storage/warehousing, and transportation. The Nebraska Advantage Program includes:

TIER 1: For companies that make $1 million in new investments and create 10 new jobs. A business is eligible for a refund of one-half the sales tax paid for capital purchases at the project; a sliding scale wage credit of three to six percent, depending on wage level; and a three-percent investment tax credit.

TIER 2: For companies that make $3 million in new investments and create 30 new jobs. A business is eligible for a refund of all sales tax on capital purchases at the project; the sliding scale wage credit; and a 10-percent investment credit.

TIER 3: Jobs-only tier, for companies that create 30 new jobs. The company receives the sliding scale wage credit with no capital investment required.

TIER 4: For companies that make $11 million in new investments and create 100 new jobs. The company receives a sales tax refund, jobs and investment credit, and a personal property tax exemption for turbine-powered aircraft, computer systems, agricultural processing machinery, and personal property used in distribution facilities for up to 10 years.

TIER 5: For companies that make $34 million in investments and maintain employment. The company receives a refund of all sales tax on the project's capital purchases, and a personal property exemption up to 10 years on computer systems for a Web portal.

SUPER TIER 6: For companies that make $10 million in new investments and create 75 new jobs, or $102 million in new investments and 50 new jobs. The program is open to any business activity other than retail. The company receives a refund on all sales tax on capital purchases for the project; a 10-percent job credit on new employees who meet certain wage thresholds; and personal property tax exemption for all personal property at the project for up to 10 years.

INCENTING GROWTH

Nebraska Advantage offers special opportunities for companies that engage in logistics activities. "The Nebraska Advantage economic development package is one of the few that has tax credits for material-moving equipment such as forklifts, power racking, and conveyor belts," says Nebraska Trucking Association President Larry Johnson.

In addition to Nebraska Advantage, the state holds many other attractions for businesses. A few of the highlights are: no state property or inventory tax; no personal property tax on intangibles; and no sales tax on raw materials used as ingredients or components in manufacturing, water used exclusively in manufacturing and processing, or manufacturing machinery, equipment, and related services.

"I am steeped in the spirit of the transportation business," he says. "I've been around it my entire life. My dad ran a small trucking company in northeast Nebraska, and I started driving a semi for him at 16 years old."

After working his way through college at Wayne State University – by driving a truck, of course – Hastings established TSL Companies in 1981. Among the organization's divisions is Transportation Specialists Ltd., which operates specialized tractor and chassis equipment for handling heavy commodities. In addition to its large intermodal fleet, Transportation Specialists operates a division of trucks on dedicated routes and performs contract carrier transportation.

Other TSL divisions include TranSpec Leasing, TSL Terminals, International Logistics, and TSL Logistics Ltd., the organization's domestic third-party logistics (3PL) division. TSL Logistics maintains a coast-to-coast, border-to-border presence and offers warehousing, transloading, and consolidation services. It contracts with all major railroads, steamship lines, brokers, and carriers.

"TSL employs 500 workers, and our affiliated companies operate more than 100 offices in 85 countries," Hastings notes. "Our intermodal terminals in Omaha, Kansas City, and Denver service all the Plains states. We are the largest intermodal company between the Mississippi and the Rockies in the upper 14 Plains states."

AGRI EXPERTS

Given Nebraska's rich agricultural base, it is not surprising TSL also has expertise in the specific requirements of shipping agricultural products, by-products, and equipment.

TSL has also devoted itself to understanding and developing expertise in the international logistics chain. "Global shipping is management-intensive, and customers rely on us to make sure their shipments meet all the requirements and financial responsibilities along the way."

> **Nebraska's more than 8,500 miles of interstate, freeway, and arterial roads play a major role in centrally dispatching our fleet.**
>
> – Derek Leathers, president and chief operating officer, Werner Enterprises

Accomplishing that, Hastings says, involves a management philosophy of empowerment. "TSL delegates responsibility to every person," he explains. "We empower our staff with not only the responsibility, but the authority to make decisions."

Chad E. Ford, vice president for business development at Ford Storage and Moving Company, is another logistics professional who believes the Nebraska advantage is vital to success in international as well as domestic logistics.

"The global marketplace has changed the economics of raw and finished commodities within the United States," he says, "and Nebraska is the central hub for these transactions in the Midwest."

A diversified logistics company providing asset-based warehousing and transportation services, Ford Storage & Moving Company currently owns and operates approximately 650,000 square feet of warehouse space.

"With five metropolitan Omaha locations, we offer flexible service areas within the city to cater to many different industries," Ford says. "Our storage facilities were strategically built to service different industries and products ranging from animal health products to mixed commodities."

With its 3PL warehouse locations in Nebraska – along with Kansas City, Kansas – Ford Storage is a resource for customers requiring any combination of mixed transportation modes servicing business-to-business and business-to-consumer operations. The company's customers include manufacturers, distributors, and wholesale and retail-based industries.

Ford attributes the company's success to both its adaptability and strategic locations. "Our systems are built around our customers' business processes," he says. "They make the business rules and we create a method to service and manage their inventory. For example, we help companies consolidate vendors to provide cost-effective and efficient supply chain models."

And there's an additional asset, Ford says. He summarizes it in one word: "Focus."

"Each Ford Storage division's staff focuses on service every day," Ford says. "Our upper management, account managers, drivers, and forklift operators, combined with the technological advantages of our warehouse and transportation management systems, allow Ford Storage to 'Deliver the Difference' to our customers."

Yet another company that both benefits from and contributes to Nebraska's tradition of excellence is Distribution Inc., a 120,000-square-foot warehouse that supplies value-added services to clients who realize the cost-saving advantages of outsourcing their warehouse needs.

HOME BASE: **Transportation and logistics provider Werner Enterprises maintains its global headquarters in Omaha.**

Distribution Inc., based in Lincoln, offers warehouse services with personnel available 24 hours a day, every day. The company also offers cartage services with its own fleet of late-model power units and trailers to pick up or deliver shipments from one pallet to a full truck, locally or long distance.

SAVING TIME AND MONEY

As companies survey the Nebraska landscape for just the right spot to locate, they can speed their search by seeking assistance from the economic development team at Nebraska Public Power District (NPPD). And once they've chosen a location, they can continue to depend on NPPD for help managing energy costs.

As the state's largest electric utility, NPPD's chartered area includes 91 of Nebraska's 93 counties. It is both a wholesaler and a retailer; in some regions, it delivers power directly to business and residential customers. It also supplies power to local utilities operated by 52 towns and 25 rural public power districts and cooperatives.

Companies conducting location searches will find a database of sites and buildings, and a series of community profiles on the utility's Web site. "If someone has additional questions about a site or community, our team of professional economic developers will work with them confidentially," says NPPD Economic Development Manager Rick Nelsen.

Businesses already located in NPPD's service area may work with its energy-efficiency team to conduct energy audits, identifying opportunities to decrease usage. The utility also offers incentives for conservation. One program, for example, helps commercial and industrial facilities cover the cost of upgrading to more energy-efficient lighting systems. Another assists in paying for installing high-efficiency motors.

In 2010, the utility spent more than $215 million on capital projects to expand capacity. Those projects include constructing new transmission and

GENERATING AN EDGE: Nebraska Public Power District's Cooper Nuclear Station helps the utility supply affordable power.

distribution infrastructure, and a new operations center.

NPPD also received a 20-year extension on the operating license for its Cooper Nuclear Station, and it just completed its first year as a member of the Southwest Power Pool, a regional organization that coordinates the development of transmission capacity.

NPPD works to maintain diversity in its energy sources, including renewables. The utility currently buys energy from several wind farms and has agreements to buy from several facilities due to come online in the near future. It also obtains a small amount of power from a methane recovery project attached to a swine farm, Nelsen says.

As for cost, businesses in NPPD's service area benefit from the fact that the utility and its wholesale partners – like all electric utilities in Nebraska – are publicly owned.

"Our customers receive their dividends through their rates," Nelsen says.

PARTNERS IN PROGRESS

"There is no question Nebraska has a long history with trucking and railroads," says Governor Heineman.

But he and other Nebraska leaders don't spend a lot of time looking in the rear-view mirror. They are too busy looking at – and creating – what's ahead. One such forward-looking initiative is Intern Nebraska, a program of the Nebraska Department of Economic Development.

"It's a state-sponsored internship program," Heineman explains, adding that in one recent 60-day period the state invested $640,000 to help businesses invest in themselves.

"Internships work for everyone," Heineman continues. "They help both companies and future employees." Together, that combination helps the state.

Economic Development Director Richard Baier says the internship program is just one way that Nebraska government shows it means business. There are many others. In fact, the program is part of the Talent and Innovation Initiative, a package of bills that the governor signed into law this year, designed to assist businesses.

Based on a comprehensive review of Nebraska's economic climate, the Talent and Innovation Initiative was created to leverage existing funds and enhance momentum in developing industries positioned to benefit from technology and innovation. "We are focused on transforming industry in America, and we want to do it first in Nebraska," Baier says.

An education program developed by the NTA and the Nebraska Logistics Council in close association with the state departments of Economic Development and Education helps support this goal.

"We wanted to create lifelong learning opportunities in transportation, distribution, warehousing, and logistics," explains Johnson, the NTA's president.

To that end, seven logistics-related courses of study are now offered in Nebraska's community colleges and university system: transportation operations; logistics planning and management services; warehousing and distribution control operations; facility and mobile equipment maintenance; transportation systems infrastructure planning management and regulations; health safety and environmental safety management; and sales and service.

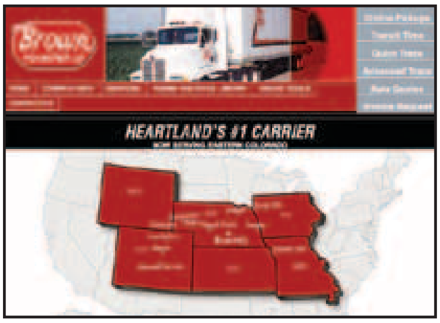
"The idea was to create career pathways," says Johnson. "You may start out as a forklift operator and become an airline pilot."

Johnson – who began his own transportation career selling tickets for Continental Trailways when he was in junior high school in 1972 – believes it is never too early to get started. "We have two middle schools piloting a program of transportation, distribution, warehousing, and logistics career awareness," he notes.

The reasons behind such innovative programs are easily explained.

"Those are high-paying jobs," says Governor Heineman. "And Nebraska has a proud and rich history of serving the logistics sector." ■

For information on featuring your region in an Economic Development Supplement, contact James O. Armstrong at 314-984-9007 or jim@inboundlogistics.com.



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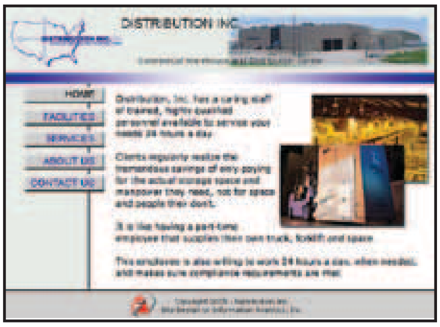


Distribution Inc. • www.distributioninc.biz
Located in Lincoln, Neb., Distribution Inc. is a 120,000-plus-square-foot warehouse that supplies value-added services to companies that realize the cost-saving advantages of outsourcing their warehouse needs. With its 24/7 warehouse services, and fleet of late-model power units and trailers to handle your cartage, Distribution Inc. is your logistics and warehousing partner.

Ford Storage and Moving Company • www.fordstorage.com
Ford Storage and Moving Company, Omaha, Neb., is an asset-based logistics company specializing in the successful execution of all logistics activities required to take your products from production to delivery. Let Ford be your partner in resource management including production assistance, materials handling, storage, and distribution. The company's transportation programs include truckload and LTL shipments; in-transit merge; postponement; inbound materials management; order fulfillment; and reverse logistics. The Web site provides online inventory management capabilities so you can track your products every step of the way.

I-80 Nebraska Coalition • www.i80nebraska.com
The I-80 Nebraska Coalition was organized in 2003 by local economic developers out of a recognized need to work together as a region. Made up of nine counties spanning 250 miles across central Nebraska, the Coalition represents a region with a population exceeding 230,000. The common thread linking these counties is the transportation lifeline known as Interstate 80. Looking for a new location? Nebraska has what you need right here!

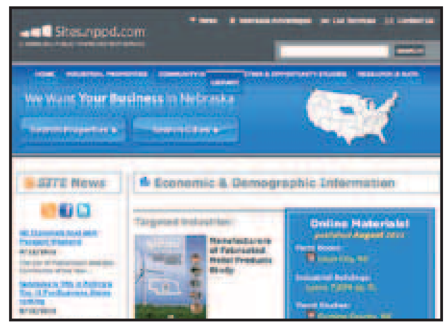
International Logistics Inc. • www.iliworldwide.com
With more than 100 offices worldwide, International Logistics Inc., based in Omaha, Neb., provides cost-effective distribution solutions between more than 80 countries. One of ILI's core successes is developing distribution solutions that are flexible and specific to the needs of the customer at competitive rates. ILI provides global market reach with a centralized information center on its Web site, as well as the personal support and expertise of experienced employees.

Nebraska Department of Economic Development • www.neded.org

Right in the middle of it all: Nebraska is a great place to do business. An ideal location, low traffic congestion, positive business climate, quality affordable workforce, industry-leading business to meet your needs, and the absence of inventory taxes are just a few of the many reasons to make Nebraska the home of your next transportation, distribution, and logistics center. The Nebraska Logistics Council serves its members as a forum for professional and educational advancement in the area of worldwide transportation, warehousing, distribution, and logistics. The Council is available to meet with your business to share how a Nebraska location can make the ultimate cost difference in terms of shipping and distributing your products; please visit the Web site for more information.

Nebraska Public Power District • www.sites.nppd.com

One Web site with everything you need to know about doing business in Nebraska. Find valuable information including sites and building availability; community profiles; facts books; population characteristics; labor availability; profit opportunity studies; contact information; and much more. It's the one place to go to find out why doing business in Nebraska is a smart move. Contact Nebraska Public Power District, 800-282-6773 x5541, e-mail econdev@nppd.com, or visit the Web site.

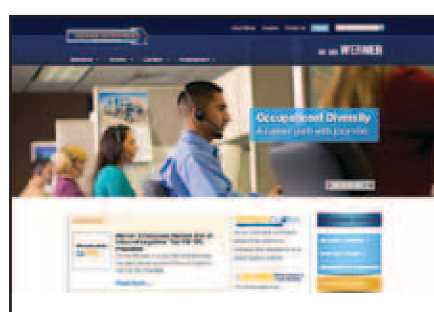


Nebraska Trucking Association • www.nebtrucking.com

The Nebraska Trucking Association is the statewide trade association for commercial truck and bus operators and affiliated businesses. It delivers essential knowledge, contacts, services, political representation, and partnerships that help its members continue to deliver the goods to Nebraska communities and throughout North America. It has over 800 member trucking companies and affiliated businesses; 75 percent of trucking company members have fewer than 25 trucks.

Werner Enterprises, Inc. • www.werner.com

Werner Enterprises, Inc. is a premier transportation and logistics company, with coverage throughout the United States, Canada, Mexico, and China. Werner maintains its global headquarters in Omaha, Neb., offering 24/7 service 365 days a year. Werner is among the five largest truckload carriers in the United States, with a portfolio of services that includes long-haul, regional and local van capacity, temperature-controlled, flatbed, dedicated, and expedited. Werner's value-added services portfolio includes import and export freight management, PO and vendor management, truck brokerage, intermodal, load/mode and network optimization, and global visibility. Internationally, Werner provides freight forwarding and customs brokerage services, and is a licensed NVOCC.



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Casebook

by Perry A. Trunick

Delivering a Slice Of Fresh Supply Chain Solutions

After experiencing rapid growth, Louisville, Ky.-based restaurant chain Papa John's Pizza required a logistics overhaul to help its inbound and outbound operations keep up with its market expansion.

To help manage rapid expansion, Papa John's orders an inbound/ outbound logistics operations solution – with the works.

With 3,700 restaurants in all 50 states and 29 countries, the company decided to begin the upgrade by improving inbound logistics capabilities at its 10 domestic U.S. distribution facilities, which it calls quality control centers (QCCs).

PJ Foodservice, the internal operation managing distribution to Papa John's U.S. franchise and company-owned stores, began by revamping its inbound operation to improve inventory visibility and accuracy, reduce manual processes, increase productivity, and control costs.

Under the existing process, about 95 percent of the company's freight was vendor managed. QCCs placed orders with vendors, who then selected carriers to deliver the goods, shipping the freight prepaid.

The arrangement was rife with disadvantages. Each QCC ordering goods as needed sometimes resulted in excess inventory, which not only necessitated off-site storage—an added expense—but also cost money when perishable goods had to be written off because they had expired.

The decentralized operation also introduced inconsistencies into the network. Some QCCs operated more comfortably with inventory in stock and were willing to bear the added expense of off-site storage. Others didn't want the expense or didn't have access to affordable off-site storage.

In addition, the arrangement limited PJ Foodservice's carrier visibility. And because 80 percent of the company's shipments are temperature-controlled, the lack of visibility also affected quality control efforts.

CONTINUED FROM PAGE 125

PJ Foodservice enlisted Atlanta-based supply chain technology solutions provider Manhattan Associates to help benchmark inventory metrics. "Manhattan Associates translated examples from other customers into our internal metrics," says Eric Hartman, senior director of logistics, PJ Foodservice.

The company then began managing its own inventory. "We've taken on the majority of existing vendors," says Hartman. "Our inbound team is also heavily involved in introducing new vendors and origin locations."

The results of these efforts have been impressive. "We exceeded our goals, both in inventory turns and reducing off-site storage spend and product write-offs," he adds.

Once inventory management was under control, PJ Foodservice turned its attention to improving inbound transportation.

When vendors were managing its freight moves, PJ Foodservice had to go to them with routing questions or carrier issues. "Now, we can often communicate directly with carriers, which gives us visibility via their transportation management systems," says Hartman. "We know going into a weekend, for instance, which loads need to be monitored."

Taking control of inbound transportation and improving visibility also helped PJ Foodservice comply with food safety regulations. "The visibility we now have allows us to track temperature-related issues," Hartman notes.

PJ Foodservice was also able to reduce its use of less-than-truckload (LTL) shipments to move inbound product. This change helped further reduce quality control risk.

"We control truckload (TL) shipments through a seal process, even when there are multiple pick-up and delivery stops," Hartman says. "LTL shipments, however, create more risk because there's less chain of custody visibility. By building more TL shipments, we can get product to QCCs quicker."

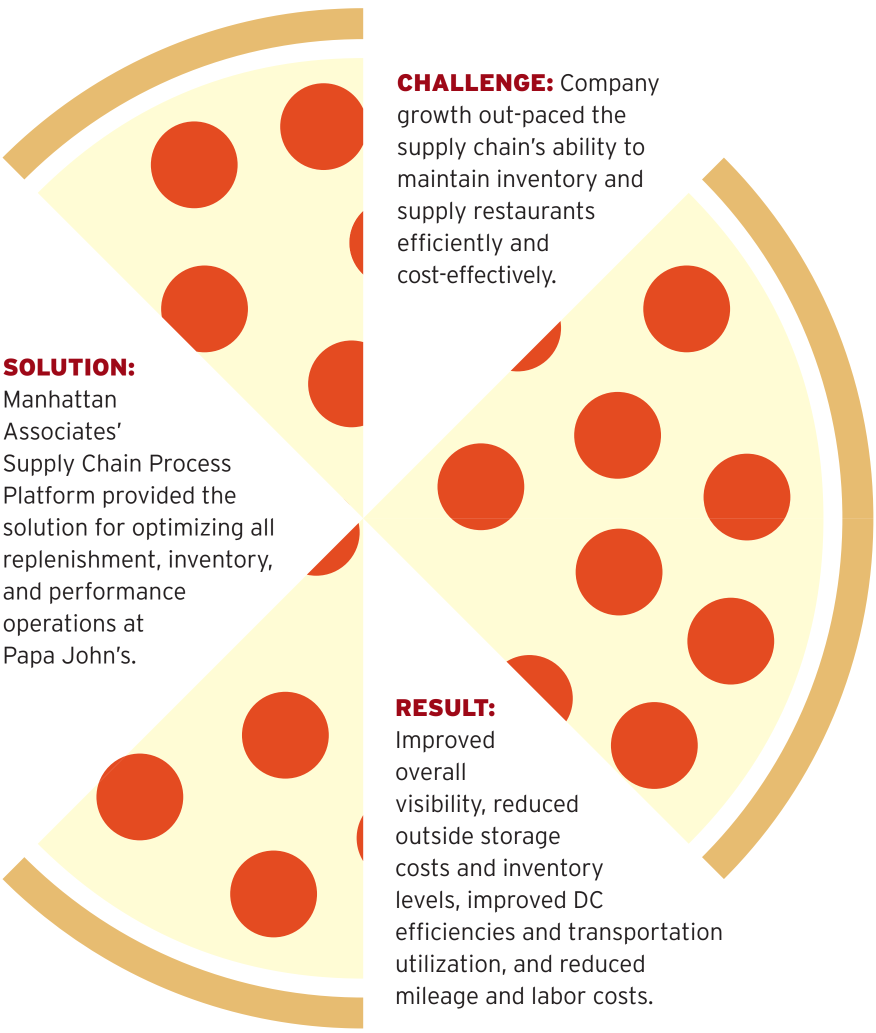
Other gains for PJ Foodservice came in the form of carrier relations. By moving from freight prepaid to freight collect terms, and taking control of routing, PJ Foodservice was able to schedule deliveries by appointment. Carriers receive a tender that includes most charges.

"Carriers know up front what they will be paid for, including fuel surcharges and number of stops and deliveries," Hartman notes. "The only additional expenses are accessorials, such as delay penalties, which we reduce by requiring carriers to notify us before delay begins either at a shipper or at one of our consignees."

PJ Foodservice also incorporated multiple carriers on a given lane. "This strategy helps ensure service," says Hartman. "It's unreasonable to expect that a carrier will always be able to commit to a load."

Papa John's by the Slice

HEADQUARTERS: Louisville, Ky.
WAREHOUSES: 10



CHALLENGE: Company growth out-paced the supply chain's ability to maintain inventory and supply restaurants efficiently and cost-effectively.

SOLUTION: Manhattan Associates' Supply Chain Process Platform provided the solution for optimizing all replenishment, inventory, and performance operations at Papa John's.

RESULT: Improved overall visibility, reduced outside storage costs and inventory levels, improved DC efficiencies and transportation utilization, and reduced mileage and labor costs.

Through the inbound transportation improvements, PJ Foodservice reduced freight spend by 10 to 15 percent while improving inbound service and reducing over, short, and damage claims.

OUTBOUND SIDE

In addition to inbound improvements, Papa John's also enhanced outbound logistics. Most of Papa John's stores are franchises; a minority are company-owned. By implementing Manhattan Associates' fleet software system and a visibility package from UK-based Isotrak, PJ Foodservice boosted its freight tracking capabilities.

To complement the carrier control and visibility gains of its inbound operation, the company set out to increase its private/contract outbound fleet's efficiency. The order visibility and inventory control that help identify inbound goods and rerouting or crossdocking opportunities delivers benefits throughout the entire network.

The outbound improvements have already made an impact. "The organization has worked closely with our restaurant team to balance the need for multiple days of coverage with overall cost controls, and develop the most service-oriented and cost-effective solution," says Hartman.

The changes have also given the company a competitive edge. "Restaurants often run into inventory issues," Hartman says. "For example, a recent local convention caused a store in our Kentucky service area to run through product quicker than it normally would have, resulting in depleted inventory. We were able to tell the store exactly when replenishment inventory would arrive. The store borrowed enough product from a neighboring restaurant to get through the few hours until the delivery arrived."

This isn't an isolated incident. Even planned events can present a challenge for restaurants, and the winner is often the company with the best supply chain planning and execution.

"In February 2011, right before the Super Bowl, other transportation companies and foodservice distributors couldn't deliver into some markets due to bad weather," Hartman recalls. "Not only were we able to serve regular customers, but consumers also turned to us because other restaurant chains were unable to open because product didn't get to them."

In the competitive pizza business, every day is the Super Bowl. For Papa John's, having a strong supply chain helps ensure victory. ■

WEB_CITE CITY

www.inboundlogistics.com/web_cite

IN THIS SECTION:
3PLs • Distribution Center Mgmt.

3PLs

Americold • www.americold.com

Americold is the global leader in temperature-controlled warehousing and transportation for the food industry. With 182 sites in six countries, Americold provides the most comprehensive temperature-controlled warehousing, transportation, and logistics solutions in the world. Americold is committed to achieving the highest levels of quality, innovation, and customer service in the industry.

C.H. Robinson Worldwide, Inc. • www.chrobinson.com

Founded in 1905, C.H. Robinson Worldwide, Inc. is one of the largest third-party logistics companies in the world, providing multimodal transportation, fresh produce sourcing, and information services to more than 32,000 customers globally, ranging from Fortune 500 companies to small businesses in a variety of industries. For more information about our company, visit our Web site at www.chrobinson.com.

WSI-Warehouse Specialists Inc. • www.wsinc.com

Reliability is everything. At WSI, that has been our approach to integrated logistics and supply chain solutions for more than 40 years. Our promise of Condition, Count & Time ensures accurate, timely, and sound performance–every time. Recognized as one of the top 3PL companies in North America, WSI delivers custom solutions for warehousing/distribution, fulfillment, transportation, import/export, information technology, and customer support services. Depend on WSI for increased efficiency, reduced costs, and absolute reliability.

DISTRIBUTION CENTER MANAGEMENT

Ryder • www.ryderscs.com

Ryder provides a complete array of leading-edge supply chain, warehousing, and transportation solutions for multiple industry sectors in North America, the United Kingdom, and Asia. Services range from developing supply chain strategies to managing and executing day-to-day logistics operations. Integrated solutions for optimizing and managing the flow of products, currency, and information all draw upon the company's expertise in supply chain management.

IN THIS SECTION:
Forwarders • Freight Payment/Audit

FREIGHT FORWARDERS/BROKERS

AFN-Advantage Freight Network, LLC • www.afnww.com

If you are looking to expedite a single piece of freight across the country, set up dedicated routes, or want to manage your supply chain more efficiently, talk to AFN today. AFN focuses on your unique needs, and applies analysis and ingenuity to find the answers that no one else can. AFN thinks around corners and moves beyond traditional resolutions to better manage your supply chain challenges.

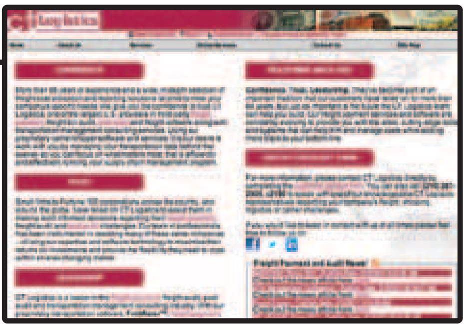
UniGroup Worldwide-UTS Logistics • www.ugwwlogistics.com

Looking for a full-service, third-party logistics provider (3PL)? You only need to make one call: UniGroup Worldwide-UTS Logistics. UniGroup Worldwide is a competitive, seamless, and flexible worldwide resource. Customers are provided custom-designed supply chain solutions that integrate transportation, warehousing, and installation through advanced technology and industry resources. Contact us today at 888-374-2371 or www.ugwwlogistics.com.

FREIGHT BILL PAYMENT/AUDIT SERVICES

Cass Information Systems, Inc. • www.cassinfo.com

Cass is the nation's oldest and largest provider of freight bill payment, audit, and rating services. We offer a wide array of services for processing and paying freight bills, as well as our industry-leading Internet reporting service, CassPort. In business since 1906 and providing freight payment services since 1956, Cass continues to offer stability, security, and expertise in the freight audit, payment, and information market.



CT Logistics • www.ctlogistics.com

CT Logistics can help you save money, no matter your company's size. For small and medium-sized shippers, CT Logistics offers its TranSaver shipper cooperative buying program. Larger shippers can simplify their freight spending with CT Logistics' exclusive FreitRater freight bill rating and processing system. And businesses of all sizes can benefit from AuditPay freight payment services. Add to these offerings a wealth of online collaboration and reporting tools, and it's easy to see why shippers have trusted CT Logistics with their freight payment needs for more than 86 years.

CTSI-Global • www.ctsi-global.com

For more than 50 years, CTSI-Global has been a valuable resource to companies by providing the technology and industry expertise to help them manage all aspects of their supply chain – physical, informational, and financial – through freight audit and payment, transportation management systems (TMS), information management tools, and global consulting. The end results are improved shipping efficiencies, greater control, and significant ongoing savings. CTSI-Global is your link to supply chain solutions.

Data2Logistics • www.data2logistics.com

Data2Logistics provides the business intelligence you need to reduce transportation expense by 7 percent to 15 percent, and improve control for your freight and parcel shipments. For more than four decades, clients have relied on Data2Logistics to provide accurate pre-audit, post-audit, freight cost allocation, and robust global information. These services are provided as part of our worldwide freight bill payment capabilities. We process bills for all modes of transportation, including LTL, TL, air, ocean, and parcel. We are a recognized source for actionable information, not just access to data. Data2Logistics has the experienced staff and global presence to service your locations in North America and around the world.

nVision Global Technology Solutions, Inc. • www.nvisionglobal.com

nVision Global Technology Solutions, Inc. is a leading global freight audit, payment, and logistics management solutions provider. With locations in North America, Europe, and Asia, our staff is fluent in over 25 languages, and processes and pays freight invoices from over 190 countries worldwide. Over the years, our customers have come to rely on our prompt, accurate Sarbanes-Oxley-compliant freight payment services, as well as our leading-edge information management analytical tools including global mapping, graphing, benchmarking, modeling, and network optimization analysis to help them manage their overall supply chain costs.

SECURITY: CARGO

CargoNet • www.cargonet.com

CargoNet helps prevent cargo theft and improve recovery rates through secure and controlled information sharing among theft victims, their business partners, and law enforcement. CargoNet is centered on a national database and information-sharing system managed by crime analysts and subject matter experts. For more information, visit www.cargonet.com.

IN THIS SECTION:

Site Selection – Trucking

SITE SELECTION

Merritt Properties • www.merrittproperties.com

At Merritt Properties, we don't just develop and manage commercial properties, "We Create Homes for Businesses." With nearly 16 million square feet of office, flex, warehouse, and retail, Merritt Properties offers the largest privately held commercial real estate portfolio in the region, providing unparalleled services to customers at more than 70 locations around Baltimore; Washington, DC; and northern Virginia.

TRANSPORTATION

Performance Team • www.ptgt.net

Performance Team is the only thing that should come between your products and your customers. For nearly 25 years, Performance Team has been offering its expertise to the retail and manufacturing industries with a broad range of supply chain services including: trucking, distribution, logistics, and fulfillment. Through eight domestic hubs, over 3.9 million square feet of warehouse space, and a fleet of more than 400 trucks, Performance Team's skilled team of 3,500 nationwide employees processes approximately $70 billion in wholesale goods. See why Performance Team annually earns a reputation as the premiere trucking, consolidation, and distribution company in the United States; log on to www.ptgt.net.

TRUCK EQUIPMENT

Alcoa Wheel & Transportation Products
www.alcoa.com/alcoawheels/north_america/en/info_page/home.asp

Alcoa Dura-Bright wheels deliver improved productivity and lower lifetime operating costs. It's no secret. The lighter the truck and trailer, the more cargo it can legally carry. In addition, Alcoa Dura-Bright wheels clean easily with mild soap and water to reduce labor and maintenance costs while improving the image of your entire transportation fleet. Alcoa Dura-Bright wheels. Great looks made simple.

TRUCKING

A&R Logistics • www.artransport.com

A&R Logistics specializes in bulk transportation, packaging, distribution, and logistics. A&R provides dependable, quality services to meet your distribution and logistics needs. Through analytical reviews, A&R customizes timely, cost-effective solutions for your company. Put A&R's experienced staff and extensive affiliate network to work for you, and realize global solutions in a changing worldwide market.

All State Express • www.allstateexpress.com

All State Express, a WBENC-certified enterprise, has excelled as a leading expedited transportation provider in North America for over a decade. As we have grown forward, we have diversified our portfolio to include a full spectrum of truckload and logistics services. We apply the same responsiveness and proactive management required for success in expedited transport to all transactions and across the logistics services we provide, aided by industry-leading, Web-based technology. Visit the Web site to discover how All State Express can perform as a critical link to your enterprise's supply chain improvement programs.

Aspen Logistics Inc. • www.aspenlogistics.com

The Aspen Alliance Group provides global brand name partners with a competitive advantage through high-quality customized, integrated, cost-effective logistics services. We offer customer-focused solutions in contract and public warehousing, transportation, and value-added services with a special emphasis on temperature-controlled environments. Our superior service is driven by leading-edge technologies, which provide timely flow of information to manage complex supply chain environments.

Bilkays Express • www.bilkays.com

Bilkays Express sets the standards in shipping by which all others are judged. Businesses throughout the Northeast have come to depend on Bilkays' accurate, on-time delivery for all their shipping needs. Why? Because we get the job done better for less by maintaining a modern state-of-the-art fleet so you can be sure your shipments are on the road to an on-time delivery. We provide overnight delivery to the greater New York, New Jersey, and Connecticut metropolitan areas. In addition, Bilkays provides extended overnight and second-day delivery to all of New England and the Middle Atlantic region. Find out more about how Bilkays can meet your transportation needs by visiting its Web site.

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; multimodal 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 for more details.

IN THIS SECTION:

Trucking

Con-way Freight • www.con-way.com/freight

Con-way Freight provides day-definite, less-than-truckload freight delivery throughout the continental United States, Hawaii, Alaska, Puerto Rico, the Caribbean, Canada, and Mexico. With more than 450 locations, the company provides next-day direct service to more locations than any single LTL carrier in North America. To learn more about Con-way Freight, visit us at www.con-way.com/freight.

FLS Transportation Services, Inc. • www.flstransport.com

With 75 years of experience among its combined subsidiaries, FLS knows the impact transportation has on rendering quality service to customers. This understanding allowed FLS to develop a reputation as the leading cross-border carrier between Canada and the United States. Handling a wide range of services, FLS manages even the most challenging customer requirements. From a truckload of paper with delivery within three days to a truckload of automotive parts requiring JIT delivery, FLS is ready to take on your challenge.

G&P Trucking Company, Inc. • www.gptruck.com

G&P Trucking Company's core competency is truckload freight. But we go beyond the basics. Additional services include intermodal shipping, expedited delivery, dedicated routes, warehousing, transloading, third-party logistics, and brokerage. Our strategy revolves around a focused approach to serve specific customers requiring exceptional service to target markets. This allows us to provide outstanding service to our customers and to be a preferred place to work for professional truck drivers. Have a look at our Web site to see how G&P meets your shipping needs.

Jacobson Companies • www.jacobsonco.com

Jacobson Companies is a leading third-party logistics company providing end-to-end supply chain solutions that include warehousing and distribution, contract packaging and manufacturing, freight management, customs brokerage, and international ocean and airfreight forwarding. Jacobson can offer expertise in a wide range of industry verticals including food and beverage, consumer packaged goods, chemicals, healthcare/life sciences, durable goods, consumer electronics, retail, and industrial/automotive. What can we do for you? Contact us at 800-636-6171 or visit our Web site at www.jacobsonco.com.

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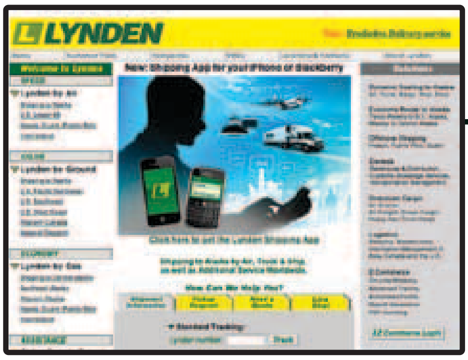

Lynden • www.lynden.com

Over land, on the water, in the air–or in any combination–Lynden has been helping customers solve transportation problems for almost a century. Operating in such challenging areas as Alaska, Western Canada, and Russia, as well as other areas around the globe, Lynden has built a reputation of superior service to diverse industries.

NFI Industries • www.nfiindustries.com

Founded in 1932, NFI offers a variety of integrated supply chain services to help businesses manage, grow, and succeed in today's marketplace. The company is one of the largest privately held third-party logistics providers in North America. NFI divisions include Warehousing and Distribution, Logistics, Transportation, Intermodal, Canada, Real Estate, Contract Packaging, Transportation Brokerage, Trailer Leasing and Storage, Solar, Global and Consulting services. NFI is an EPA Smartway Transport and WasteWise Partner.

Old Dominion Freight Line • www.odfl.com

Old Dominion Freight Line is a less-than-truckload carrier providing complete nationwide service within the continental United States. Through its four product groups, OD-Domestic, OD-Expedited, OD-Global, and OD-Technology, the company offers an array of innovative products and services to, from, and between North America, Central America, South America, and the Far East. The company also offers a broad range of expedited and logistical services in both domestic and global markets.

OnTrac • www.ontrac.com

OnTrac, formerly California Overnight, is the premiere choice for regional, time-sensitive delivery within California, Arizona, Nevada, Oregon, Washington, and Utah. Founded in 1991, OnTrac has the expertise to provide superior service and value in overnight delivery, distribution, and logistics. OnTrac has a reputation for delivering service excellence throughout its six-state area with the most competitive rates available in the region. OnTrac's money-back guarantee assures you of its commitment to time-sensitive performance and its can-do attitude is the hallmark of its success.

IN THIS SECTION:
Trucking

Penske Logistics • www.penskelogistics.com

Penske Logistics is an award-winning logistics services provider with operations in North America, South America, Europe, and Asia. Our products and services range from dedicated contract carriage and distribution center management to transportation management and fully customized solutions. No matter what your needs or industry, Penske Logistics engineers supply chain solutions that deliver business results like boosting productivity, improving service, and shrinking carbon footprints. Call us today at 1-800-529-6531 to learn more.

Ruan • www.ruan.com

With Ruan, you can take advantage of door-to-door shipping solutions without the hassles and overhead associated with owning and operating your own fleet of trucks. We have more than 5,200 employees operating, servicing, and coordinating some 3,400 power units and 5,600 trailers out of more than 100 locations throughout the continental United States. But you get more than just drivers and equipment – we become an extension of your team, advocating for your bottom line. Find out why the right partner can drive costs out of your supply chain - call 866-RUAN-NOW or visit our Web site at ruan.com.

Standard Forwarding • www.standardforwarding.com

Standard Forwarding has grown from a dedicated contract carrier for John Deere to a diversified Midwest regional LTL carrier. With service in a five-state region that includes Illinois, Indiana, Iowa, Minnesota, and Wisconsin, Standard also provides service to Omaha, Neb., and St. Louis, Mo. Standard Forwarding offers reliable, overnight delivery; competitive rates; superior service; and an extremely low claims ratio.

YRC • www.yrc.com

If you are looking for seamless transportation throughout Canada, Mexico, and the United States, look to YRC. The carrier's reliable two-day, three-day, and coast-to-coast service connects key markets with guaranteed delivery windows. YRC also offers dedicated protective services for a single shipment or entire trailer; special project and logistics management; and transportation and logistics for import and export shipments. Find out more about YRC by visiting the Web site.

White Paper Digest

Industry experts amass supply chain management best practices and skill sets, and invest in new research and evaluation tools. Now you can benefit. *Inbound Logistics* has selected this collection of whitepapers that will give you a jump on important supply chain issues. For more information on any of these whitepapers, visit the Web sites listed below.

Kronos

TITLE: ***Effectively Manage CSA 2010 Safety & Compliance***
LENGTH: *4 pages*
DOWNLOAD: *http://bit.ly/Kronos5*
SUMMARY: The Compliance, Safety, Accountability (CSA) initiative aims to improve highway safety. CSA tracks the safety records of all individual drivers across multiple employers, and holds carriers and drivers responsible for safety and performance. This paper discusses how workforce management can help you meet CSA requirements by improving the enforcement of Hours-of-Service rules and management of safety policies, incidents, and driver certifications.

Panasonic Solutions Company

TITLE: ***Improving Customer and Driver Satisfaction with Mobile Technology***
LENGTH: *2 pages*
DOWNLOAD: *http://bit.ly/panasonic5*
SUMMARY: Labatt Food Service is a San Antonio, Texas-based distributor of food and food-related products to restaurants in Texas, Oklahoma, and New Mexico. The company is widely recognized in the food service distribution industry as an innovative, customer-focused and high-energy leader. In 2008, Labatt decided to use technology to improve driver satisfaction and delivery efficiency. After exhaustive research, the company selected the Panasonic Toughbook® U1 running on the AT&T mobile broadband network as their solution. Since adopting the solution, Labatt has seen process efficiency improvements and a reduction in fuel consumption. And, driver turnover has been cut in half.

Management Dynamics

TITLE: ***Leveraging Free Trade Agreements To Achieve the Next Level of Savings from Global Sourcing***

LENGTH: *12 pages*

DOWNLOAD: *http://bit.ly/mgmtdynamics5*

SUMMARY: Companies are now leveraging free trade agreements to reduce landed costs–specifically duties–to achieve the next level of low-cost country sourcing. This whitepaper addresses key findings from an industry survey of companies' FTA usage, and delivers best practices for building a portfolio of trade agreement programs to reduce the cost of purchased parts in your supply network.

Exel

TITLE: ***Tide Has Turned: Why Do Life Sciences Manufacturers Now Prefer Outsourcing?***

LENGTH: *12 pages*

DOWNLOAD: *www.exel.com/lifesciencessolutions*

SUMMARY: Six of the top 10 global pharmaceutical manufacturers have already outsourced at least part of their U.S. distribution operations, with more to come. This new supply chain approach is also being leveraged as companies enter Latin American markets, according to this new whitepaper. The paper examines the global and local forces driving the outsourcing movement across the Americas region, and offers specific insights from life sciences manufacturers on the growing need for supply chain flexibility, expertise, and cost efficiency.

3PL Central

TITLE: ***3PL Warehouse Guide: 7 Essentials for Supporting eCommerce Fulfillment***

LENGTH: *9 pages*

DOWNLOAD: *http://www.3plcentral.com/ecommerce_white_paper_online*

SUMMARY: Is your 3PL ready for 2011's estimated $35 billion eCommerce holiday shopping season? Predicted to grow by another 10 percent this year, holiday eCommerce sales will have an enormous impact on your customers' profits–provided your 3PL can handle the complex eCommerce order, fulfillment, and return processes flawlessly. To learn what you need to know to provide your customers with the support they need, download 3PL Central's free whitepaper, *7 Essentials for Supporting eCommerce Fulfillment* today.

Ryder

TITLE: ***5 Lean Guiding Principles for the Supply Chain–Principle 2: Built-In Quality***

LENGTH: *12 pages*

DOWNLOAD: *http://bit.ly/Ryder5*

Summary: Ryder's Lean Guiding Principles are the foundation for operational excellence in all its customers' warehouses. Principle 2 is Built-in Quality: building quality into every process in the production and distribution of products. With processes designed to make work flow correctly, and tools available to eliminate small problems before they grow large, employees can focus on increasing overall customer satisfaction.

MOBILE APPS

Total Quality Logistics (TQL)

TQL enhanced its load-finding smartphone app, TQL Freight Finder, available for the iPhone, iPad, and Android. New features include the ability to search by mileage radius for trucks to pick up and deliver shipments; view available loads by state without specifying a city; and perform truckload searches for step decks and vented vans.

www.tql.com 800-580-3101

PACKAGING

Multisorb Technologies

TranSorb absorbent packs help reduce the dew point in cargo containers, trailers, railcars, and warehouses, to protect products from condensation and humidity, and prevent rust, corrosion, mold, mildew, and spoilage.

www.multisorb.com 716-824-8900

WAREHOUSE EQUIPMENT

TKO Dock Doors

Specially designed for use with vertical-storing dock levelers, the VertiCool door features a four-inch-thick insulated panel for thermal protection; 48-inch-high panels to reduce the number of panel joints, which results in energy efficiency and easy cleaning; and dual-compression side seals mounted to the door panel to prevent damage.

www.tkodoors.com 877-408-6788

AIR

American Airlines Cargo (AA Cargo)

AA Cargo expanded its cold-chain service, ExpediteTC, to include a new solution for cold packaging transit requirements. The solution, ExpediteTC Passive, supports ambient temperature control using state-of-the-art cool rooms, expedited handling processes, and high-visibility monitoring. This offering augments AA Cargo's current service, ExpediteTC Active, which utilizes dry ice and battery-powered containers to actively regulate temperature levels, regardless of ambient conditions.

www.aacargo.com 800-CARGO-AA

▲ Materials Handling: Intelligrated

Zone control upgrades to the Accuglide chain-driven conveyor and IntelliQ belt-driven conveyor include enhanced sleep mode to reduce noise, energy usage, and equipment wear; jam detection logic to identify flow interruptions and command zone shutdowns; photo-eye visibility to eliminate the cost of additional system-level eyes; visible status lights, device, and system-level diagnostics to streamline maintenance; and an on-board independent logic controller that stores commands to reduce programming requirements and central computer communication.

www.intelligrated.com 877-315-3400

CONTINUED FROM PAGE 139

Northern Air Cargo (NAC)

NAC introduced flights between Laredo and El Paso, Texas, and Ypsilanti, Mich. The company's 737-300 aircraft services these markets four times per week, Monday through Thursday.

www.nac.aero 907-243-3331

OCEAN

Panalpina

Three new direct less-than-containerload (LCL) services operate through Panalpina's in-house carrier, Pantainer Express Line. The guaranteed weekly services from Shanghai to Rotterdam, Hong Kong to Rotterdam, and Singapore to Rotterdam further optimize the supply chain between Asia and Europe. Compared to previous routings, the new services reduce transit times by two to four days and CO_2 emissions by as much as 6.5 percent.

www.panalpina.com 973-683-9000

Shipco Transport

With a 12-day transit time, Shipco Transport's new weekly LCL service from Marseille to New York offers faster shipping from France to the United States than routing via Antwerp.

www.shipco.com 201-356-3500

3PLs

Choice Logistics

In-country hubs provide same-day and next-day service parts availability through Choice Logistics' global network of eight regional distribution centers and more than 400 strategic stocking locations. The hubs are supported by central operations and a single global inventory management and dispatch system, with comprehensive global trade and compliance services. By mitigating Customs and related import/export problems, the hubs give businesses dependable access to inventory.

www.choicelogistics.com 800-593-2108

Saddle Creek Corporation

New facilities in Chicago and Jacksonville, Fla., expand Saddle Creek's nationwide network. Designated as a Foreign Trade Zone and Enterprise Zone, the 416,000-square-foot multi-customer warehouse in Chicago is located within the CenterPoint Intermodal Center, an inland port with direct access to BNSF and Union Pacific terminals. The 375,000-square-foot

HEY—WHERE'S MY CONTAINER? WHERE'S MY FREIGHT CAR?

Jacksonville facility is food-grade and climate-controlled, and located near the city's port.

www.saddlecrk.com	863-665-0966

Laufer Group International

New offices in San Francisco, Calif., and Norfolk, Va., provide international logistics services, including door-to-door ocean and air import and export, customs brokerage, and contract management.

www.laufer.com	212-945-6000

Globe Express Services (GES)

GES opened three new corporate locations: Miami, Fla.; and Guangzhou and Suzhou, China. Located in a 110,000-square-foot, multifunctional site, GES Miami acts as a gateway facility for shippers' Latin

▲ **Air: AirBridgeCargo Airlines (ABC)**

A new 123-ton capacity 747-400 freighter service operates every Wednesday, Friday, and Saturday on a routing from Maastricht and Amsterdam in the Netherlands through Yekaterinburg and Krasnoyarsk in Russia and on to Zhengzhou, China.

www.airbridgecargo.com	416-622-9450

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Packaging: Sealed Air

Made from 95-percent non-food renewable materials, PakNatural loose fill produces less dust and offers greater anti-static performance and increased inherent strength than expanded polystyrene or starch-based loose fill products.

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American trade, offering multimodal, value-added logistics services, including inventory management and distribution. The China locations focus on serving the high-tech, automotive, textile, chemical, and pharmaceutical industries.

www.globeexpress.com 800-874-8827

TRUCKING

Averitt Express

An online rate-quoting tool allows shippers who supply a delivery ZIP code to receive pricing for standard delivery, guaranteed delivery by 5 p.m., and, in some cases, guaranteed delivery by noon. Shippers can then create a bill of lading online or call Averitt's national call center to schedule the shipment.

www.averittexpress.com 800-AVERITT

Furniture Transport Group (FTG)

FTG replaced its Houston, Miss., facility with a 28,000-square-foot-larger terminal in Pontotoc, Miss., closer to Tupelo's furniture manufacturers. The new 68,000-square-foot facility allows FTG to add warehousing to its specialized furniture transportation service offerings, which include less-than-truckload, deconsolidation, and light assembly.

www.furnituretransportgroup.com 800-333-6105

Radiant Logistics

A new station in Houston expands Radiant Logistics' Distribution by Air (DBA) network, which serves manufacturers, distributors, and government agencies using a global network of independent carriers and international agents. The DBA-Houston station provides specialized services to support the area's large number of energy industry suppliers.

www.radiant delivers.com 800-843-4784

Old Dominion Freight Line

A new container drayage facility serves all ports and container yards in the Baltimore area. The new site offers import and export shippers direct point-to-point delivery, loading, unloading, short-term warehousing, and container pools.

www.odfl.com 800-432-6335

SOFTWARE

Vigillo

Carrier Select allows freight brokers, shippers, and insurance providers to use real-time Federal Motor Carrier Safety Administration data to analyze motor carriers' insurance status, operating authority, and safety performance, including CSA compliance. The application provides tools to set selection criteria through rules, filters, and tags, as well as geo-location features. Users can create a customized carrier list and control the parameters they use to monitor and evaluate motor carrier partners.

www.vigillo.com 503-688-5100

LeanLogistics

The Software-as-a-Service *LeanFleet* fleet routing and optimization application helps manage assets for dedicated and private fleets, provides visibility into street-level routing, and offers an automatic consolidation function.

www.leanlogistics.com 877-828-5861

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October 2-5, 2011, CSCMP Annual Global Conference, Philadelphia, Pa. At the Council of Supply Chain Management Professionals' conference, learn ways to cut supply chain costs, boost efficiency, and improve your bottom line; network with colleagues from around the world; and discover new and innovative ideas that will keep you and your supply chain competitive. FOX Business Network anchor Stuart Varney provides the keynote address, offering a positive take on the economy, and describing what the current financial situation means for you and your business.

630-645-3453
http://cscmpconference.org

October 6, 2011, Southeast Freight Conference, Memphis, Tenn. Sponsored by the Memphis World Trade Club, this event addresses the global supply chain's vital connection to the southeastern United States and its developing infrastructure. Session topics include the region's economic and trade outlook; Panama Canal expansion; issues affecting rail carriers in the Southeast; import/export concerns of shippers in the region; and coastal and inland port activity.

206-324-5644
www.southeastfreightconference.com

October 12-13, 2011, Indiana Logistics Summit, Indianapolis, Ind. Co-hosted by Purdue University and Ports of Indiana, the summit brings together representatives from all transportation modes, government, economic development, and academia to discuss industry issues and how to grow business through logistics. Topics include status reports for major transportation projects around Indiana; best practice examples from industry leaders; and Indiana's latest rankings in key logistics areas.

800-359-2968
www.indianalogistics.com

October 16-20, 2011, World Congress on Intelligent Transportation Systems (ITS), Orlando, Fla. This conference focuses on providing ITS professionals, transportation executives, and engineers the opportunity to learn more about the latest transportation technologies, legislation, research programs, and other initiatives implemented around the world. Hosted by the Intelligent Transportation Society of America, the event exhibits congestion- and cost-saving systems that reduce driving time, help drivers find more efficient routes or alternate travel options, improve emergency response times, and reduce vehicle emissions.

800-374-8472
www.itsa.org

October 20-22, 2011, The Last Mile Delivery Forum, Atlanta, Ga. Developed to help last-mile carriers maximize their business performance, this event features panels of leading courier executives and analysts sharing their experience in areas such as finance and profitability, operations, personnel, customer service, and technology. The program, hosted by the Messenger Courier Association of America, allows participants time after each panel to break into smaller focus groups to discuss how they can adapt their own operations to the best practices suggested by the panel.

202-207-1131
www.mcaa.com

November 1-2, 2011, RailTrends 2011, New York, N.Y. Facilitated by leading rail industry authorities, presentations at this event include Wall Street's take on the rail industry; freight railroad executives' views on rail in the post-recession economy; the Obama administration's take on rail policy; and what lenders look for in potential railroad investment.

414-228-7701
www.railtrends.com

November 13-15, 2011, Intermodal Expo and TransComp Exhibition, Atlanta, Ga. Explore the latest products and services for freight transportation and distribution operations at this trade show, hosted by the National Industrial Transportation League and the Intermodal Association of North America. Educational sessions address topics such as CSA implementation, chassis management, and capacity solutions. Speakers include Secretary of Transportation Ray LaHood and astronaut Captain Mark Kelly.

800-796-2638
www.freightexpo.net

February 6-9, 2012, MODEX 2012, Atlanta, Ga. At MODEX 2012, sponsored by the Material Handling Industry of America, connect and network with industry peers and learn the latest manufacturing, distribution, and supply chain trends and technologies from leading experts in three keynotes and 70 show floor educational seminars. Attendees can also register for several co-located education partner events hosted by organizations such as the Council of Supply Chain Management Professionals, the American Society of Transportation and Logistics, and the Georgia Tech Supply Chain and Logistics Institute.

800-446-2622
www.modexshow.com

February 7-9, 2012, Reverse Logistics Association Conference and Expo, Las Vegas, Nev. Seminars cover reverse logistics-focused topics of interest to original equipment manufacturers, retailers, and third-party service providers. Learn the latest best practices and strategies for returns processing, depot repair, customer service, call centers, service logistics, transportation, IT process management, recycling, warranty support, and asset management.

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THE LAST MILE

APL cargo containers (*top*) graduated from ocean shipping to serve as the skeleton for the Philippine Technical College's building (*below*).

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NOL donated 53 containers to PCF and subsidized the purchase of 26 more. The carrier also sponsored a classroom for students and shipped three 40-foot containers of building materials to Manila to assist in the school's construction.

The containers are sheathed in concrete for added strength and used as primary construction material for the school. The design of the facility meets Philippine Department of Education standards.

PCF runs the school and offers classes to more than 1,000 students from pre-school through high school, as well as vocational courses for hands-on training.

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