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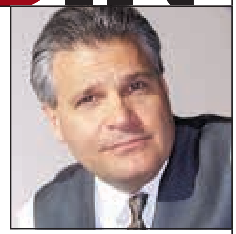
CHECKINGIN



by Keith Biondo | **Publisher**

5 Trucking Trends on the Table

Our Annual Trucking Issue offers a buffet of valuable information for you to chew on and digest. Here are five key takeaways that will whet your appetite for more:

1. Sharing of information, shipments, assets, and space is on the upswing. For example, OEMs and auto parts suppliers who were previously reluctant to divvy up shipment space on trucks are now warming to the idea of sharing, as you'll see in *The Automotive Aftermarket Supply Chain (page 73)*.

For those still reluctant about cooperating with competitors, using available room on trucks outside of the automotive sector might be an option. *Building Capacity (page 36)* illustrates how carriers are drilling down on information by lane, and shippers are working together to make sure that the supply chain as a whole is operating well. If shippers don't share information, they are likely to be left out in the cold when capacity tightens.

Ben Ball of Georgia-based floor coverings company Shaw Industries agrees. After identifying that his carriers were facing rising costs due to lower productivity, increasing regulation, and a shrinking driver pool, he committed to sharing more complete data on shipment requirements to and from his 28 distribution centers. In the past, Shaw provided monthly projections to carriers; now they are daily, giving carriers a more precise way to figure costs.

2. Flexibility is key to creating sharable efficiencies. Carriers are really listening and acting to keep customers satisfied. V3 Transportation, for example, invested in an expedited truck fleet even though that freight segment was in the middle of a recession-driven contraction. The company had the flexibility to make the call to invest in assets when competitors were headed in the other direction.

3. Price concerns are on the rise. For many shippers, cost has eclipsed reliability and customer service as top concerns, according to our market research report *Trucking Perspectives (page 47)*. Both carriers and shippers recognize that fuel, equipment, driver expenses, and capacity shortages create convergent cost concerns.

4. Overregulation will increase costs. With the Affordable Care Act; MAP-21; Hours-of-Service; CSA; and myriad federal and local EPA mandates, truckers and shippers fear a perfect regulatory storm of increased costs.

5. Partnering with the right carriers is crucial. The *Top 100 Truckers (page 56)* reveals which carriers earned recognition for striving to serve you, their customers, more efficiently.

Hungry for more information? Dig in! ■

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DIALOG

THE ONGOING CONVERSATION

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"*Inbound Logistics* is recommended reading for the Masters program I'm enrolled in."

– Patrick Jeffery, Principal, Gansett Partners Consulting (via email)

Inbound Logistics
28 AUG 2013
When you make materials or components for other companies, their production rhythms become just as important as your own.
inboundlogistics.com/cms/article/b2b-manufacturing-feeding-the-line/

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True. Their busy seasons become your busy seasons.

I just wanted to say thank you so much for making such a great magazine! I teach Supply Chain Management at State College High School and am always looking for relevant stories and cases to share with my students. I also require my students to read the magazine on their own time and visit the Web site frequently. I have found the stories very useful and fun for my high school students to read. Thanks for being a great resource!

–Sarah Griffith

In regards to your article *Transportation Infrastructure: Building Hope for the Future (July 2013)*, the Skaqit River Bridge does not have carrying beams, so expect more of the same from that bridge and others like it.

–Lewis B. Sckolnick, Rector Press Limited

Inbound Logistics
28 AUG 2013
Surveying the Home Delivery Landscape–Retailers and shippers need to find ways to meet consumers' changing demand for home delivery services, while maintaining adequate margins and finding new avenues for continued growth.

Norm Staples
The big 2 (FedEx, UPS) have added last-mile delivery residential menu options, giving more delivery flexibility to the end consumer.

Inbound Logistics
7 AUG 2013
Mitigating #SupplyChain Vulnerability to Inflation - bit.ly/1723IL4–via @tonyalfidi

Anthony Alfidi @tonyalfidi
@ILMagazine Thanks for the mention. All those years of being an *Inbound Logistics* subscriber are paying off for me.

Inbound Logistics
13 AUG 2013
Stacking Up Pallet Pros and Cons
bit.ly/rrB4kg

AirLite Pallets @AirLitePallets
@ILMagazine–We're loving the Stacking Up #Pallet Pros and Cons article! Would love to hear more about plastic vs. wood pallets in your opinion.

Inbound Logistics
30 AUG 2013
10 Ways to Gain More From #3PL Relationships - bit.ly/UW7imC via @ILMagazine

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@ILMagazine Love this post! The right #3PL can go a long way for small and medium-sized businesses looking to outsource.

Inbound Logistics
30 AUG 2013
10 Simple Ways to Improve Your Order-to-Cash Cycle - @ILMagazine article: bit.ly/UHn5B1

Nosizwe Ziqubu @201372574ziq
@ILMagazine A good way to get customers on board with payment.

10TIPS

STEP-BY-STEP SOLUTIONS

by Deborah Catalano Ruriani

Optimizing Your DC Network

Establishing an efficient distribution center network requires careful planning and frequent updates. Nathan Beene, director of logistics engineering for Chattanooga, Tenn.-based logistics provider Kenco, offers these tips for building and maintaining an optimized DC network.

1 **Do your homework.** Start with a thorough optimization study. Use network optimization software to plot the pattern of inbound products coming from manufacturers and suppliers, and outbound shipments to all delivery ZIP codes. Analyze transportation, warehousing, labor, and real estate costs.

2 **Explore opportunities to consolidate shipments and increase routing efficiency.** For both incoming and outgoing shipments, find ways to pool less-than-truckload loads into full truckloads to maximize trailer capacity. Ask customers with defined delivery dates to consider small adjustments that optimize routing, or add shipments with more flexible delivery dates to regularly scheduled loads to fill trailers.

3 **Shop parcel rates on every order.** Standardizing all outbound shipments to one delivery method may seem efficient, but you also can cut costs by being more selective. Don't use expedited shipping if another mode would serve just as well. Work with an independent parcel solutions provider to determine the lowest delivery cost for each shipment.

4 **Minimize the average mile-to-customer rate.** Locate DCs near high-demand customer areas, and use regional shipping centers for other areas. Be sure to maximize loads for DCs with longer shipping distances.

5 **Evaluate the cost of using West Coast vs. East Coast ports.** West Coast ports and East Coast customers can inflate your domestic shipping budget, but so can holding more inventory while waiting for goods manufactured in Asia to arrive on the East Coast. Look for the most cost-effective arrangement for the goods you handle.

6 **Use standard metrics.** Determine what you are going to measure, then do it consistently. Have standard metrics for factors such as cost-per-unit shipped, average miles to customer, and average cost per pound. If you don't have a good understanding of what and how to measure, you won't know when and where you need to improve.

7 **Frequently review carrier contracts.** There are some advantages to having contracts with dedicated truckers, but make sure you aren't paying more for those benefits. Evaluate carrier costs at least quarterly, and shop rates whenever possible.

8 **Look for localized tax breaks and incentives.** Check to see if local governments or development authorities offer reduced inventory taxes, training grants, streamlined construction permits, or any programs that can lower your overall operations costs.

9 **Go green to save green.** You can find a lot of cost savings on the road. Most tractor-trailers get only six miles per gallon, so any efforts to improve fuel economy will likely help your bottom line. Also look for ways to reduce idling, or streamline truck aerodynamics.

10 **Balance your inventory.** Analyze whether you have the right amount of safety stock in each location. Evaluate processing lead time, on-time delivery rates, and any special deliveries made outside the planned schedule. Having the proper inventory on hand will help reduce those exceptional out-of-network shipments. ■

READER

PROFILE

as told to Merrill Douglas

Alana Miedrich is the inventory and logistics assistant at Kids Wish Network, a children's charity in Holiday, Fla., that assists children and families experiencing life-altering situations. Alana joined Kids Wish Network in early 2013.

RESPONSIBILITIES

Inbound and outbound transportation of all items donated to Kids Wish Network.

EXPERIENCE

Bookkeeper and marketing, Children of the Nations International Adoptions; purchasing analyst, account manager, and logistics management, HPI Direct.

EDUCATION

A.S., marketing and multimedia design, Tallahassee Community College, 2003.

Alana Miedrich: Making Wishes Come True

I STARTED WORKING IN LOGISTICS AT HPI DIRECT, A company in Alpharetta, Ga., that sells promotional items with company logos. My boss, the director of purchasing, put me in charge of freight transportation. My work included tracking imports from factory to door, negotiating freight rates, managing retail supplies from sales reports, and moving goods from our warehouse to eight retail locations throughout the United States.

Today, at Kids Wish Network's home office, we operate a 20,000-square-foot warehouse. At any given time, it holds donated items with an estimated retail value of $4 million. I'm in charge of shipping those items to facilities nationwide that support our programs.

Kids Wish Network grants wishes to children three to 18 years old who are facing life-threatening conditions. In addition, we run various gift bank programs. The Kids Wish Network On Tour program, for example, works closely with city and county officials to distribute millions of dollars of new goods to at-risk youth, while fostering relationships in the community.

Through our Holiday of Hope Gift Bank program, we send truckloads of toys to children's hospitals, schools, and organizations. We recently shipped seven pallet

The Big Questions

What was your first job?

I worked in a mall, selling nuts and candy.

Do you have any hidden talents?

I play piano, I like to cook for large gatherings, and I have a passion for photography.

What was your most memorable work-related mistake, and what did it teach you?

While working for a hotel in Tallahassee, I was once asked to take luggage to the room where Burt Reynolds was staying. He answered the door himself, and I was so starstruck I couldn't speak. It was embarrassing, but I learned that if you can get past your shyness, there is so much to gain from listening and talking to people from all walks of life.

If you could change places with one person for a day, who would it be?

My father. He has Alzheimer's disease, and I'm curious to know if he's aware of the daily changes he's going through. I hope he's not.

loads of clothing, school supplies, and toys to a school district in Florida where many children live in poverty. We also have a Hero of the Month program for children who have overcome life-altering circumstances and exhibited amazing courage.

The most challenging part of my job is obtaining freight donations. Because our entire inventory is donated, we seek sponsors for our freight as often as possible.

When we can't obtain a donation, we pay for transportation. To find a carrier, I go through a quote process, and just like any other business, the best price wins. We always look for the best discounts, and I'm not shy—I'll ask anyone to do anything at least once. Sometimes a carrier will give us a discount just because I ask; in other cases, we're able to move a pallet or two on a truck that has a little extra space available.

I recently met with a salesman from a carrier we've been working with for years, and he had no idea that we have a warehouse full of inventory. When I gave him a tour of our facility, he was surprised to learn that we donate 100 percent of the goods.

One thing in my career I'm most proud of is how I have learned by watching other people—I'm a sponge that way. I've learned that the way you treat other people in business is important. Kindness is always the best way, and I work hard at it. I have bad days like everyone else, but for the most part I try to treat everybody with as much respect as I can. ■

NOTED

THE SUPPLY CHAIN IN BRIEF

SEALED DEALS

XTRA Lease, an over-the-road trailer equipment rental company, extended an existing contract with **Omnitracs**, a provider of wireless enterprise applications and services. XTRA Lease will continue using Omnitracs' trailer tracking asset management system on its dry van trailers.

UK-based apparel and beauty supplies retailer **Asos** partnered with third-party fulfillment service provider **Innotrac** for e-commerce fulfillment and returns processing services from Innotrac's facility in Grovesport, Ohio.

Gourmet food importer and distributor **Culinary Collective** picked **Tyler Distribution Centers (TDC)**, a division of warehousing and distribution company Port Jersey Logistics, to house its East Coast warehousing operation. TDC's Dayton, N.J., warehouse serves as the distribution point for Culinary Collective's northeastern, southeastern, and midwestern markets.

ARCOP, the national non-profit food service supply chain cooperative of Arby's Restaurant Group, selected **Consolidated Distribution Corporation**, a foodservice supply chain solutions company, to provide customized redistribution services.

Under a new agreement, **Delta Cargo** provides cargo handling services for **Virgin Atlantic** at John F. Kennedy International Airport in New York and Logan International Airport in Boston.

m&a

Roadrunner Transportation Systems acquired **TA Drayage**, which provides transportation services for steamship lines and intermodal companies from the ports of Charleston, S.C.; Norfolk, Va.; and Savannah, Ga.

EPES Logistics Services, a Greensboro, N.C.-based third-party logistics provider, bought Hampton, Ga.-based **Freight Shakers USA**. As a result, Freight Shakers now offers cross-border, flatbed, freight management, drop trailer, less-than-truckload, and expedited shipping services, while EPES increases its national presence with the addition of regional offices.

Cargo-handling company **Cargo Airport Services, USA (CAS)** bought **Integrated Airline Services**, another cargo handler. The acquisition expands CAS' service portfolio to include cargo and mail handling, as well as ramp and facilities management services at 50 locations throughout North America.

Newgistics purchased digital commerce consultancy **Tacit Knowledge**. The acquisition adds development and consulting services to Newgistics' end-to-end e-commerce solutions.

Trailer rental companies **Train Trailer** and **WestVan, Inc.** joined together under the **Train Trailer** brand. The merger increases the size of the rental fleet, and allows the company to provide an expanded list of services including van, reefer, chassis, and specialized trailer rentals, as well as storage and maintenance.

Lafayette, La.-based **Apex Freight Services** acquired refrigerated less-than-truckload carrier **Timberline Freight Services**. The purchase increases Apex's access to the frozen food transportation sector.

GOOD WORKS

Holt Logistics presented four graduating high school seniors from Gloucester City, N.J., with $500 scholarships. Three winners are putting the award toward studies at the United States military academy at West Point, N.Y., while the fourth is using it toward attending the Naval Academy in Annapolis, Md.

The Trinity Foundation, the non-profit arm of Trinity Logistics, donated $4,500 to Seaford, Del.-based Love Inc., a non-profit that provides crisis counseling, job placement, and substance abuse counseling. The money was raised through Trinity's third annual Heart & Sole 5K run.

GREEN SEEDS

Saddle Creek Logistics Services invested $25 million in 2012, and an additional $20 million in 2013, in converting its fleet to compressed natural gas (CNG) trucks and providing fueling infrastructure throughout Florida and Georgia. The company currently has 102 CNG trucks on the road, and plans to add another 100 by the end of 2013.

Waco, Texas-based trucking company **Central Freight Lines** purchased 100 CNG trucks to save on fuel consumption and reduce emissions. To the same end, the company added propane-powered forklifts to its service centers.

IN MEMORIAM

Jock Menzies

Jock Menzies, president of American Logistics Aid Network (ALAN), passed away unexpectedly on August 16, 2013. Menzies worked for many years as a warehousing executive, and organized supply chain professionals and trade associations to form ALAN in 2005, after witnessing the logistical breakdown of relief efforts in the wake of Hurricane Katrina.

recognition

Vizion Logistics, a global provider of logistics solutions, and its company president **Albert Wei**, received the **Top 10 Asian/American Business Award** from the Pan Asian American Chamber of Commerce for Vizion's history of revenue growth, and reputation for outstanding service.

The Women's Business Development Center in Chicago named **Carolyn Gable** its **27th Annual Entrepreneurial Woman of the Year**. The award recognizes the growth of third-party logistics company New Age Transportation, which Gable founded in 1989.

M.E. Dey & Co., a Milwaukee, Wis.-based freight broker and forwarder, earned the **President's "E" Award** from the U.S. Department of Commerce. "E" Awards are granted to companies that make significant contributions to the expansion of U.S exports.

NYK Line's *Soyo*, a coal carrier, was honored as the **2012 Ship of the Year** by the Japan Society of Naval Architects and Ocean Engineers. The award is presented to companies using Japan-built vessels that are technologically advanced, well designed, and socially and environmentally conscious.

PeopleNet named four companies as **2013 Innovator of the Year** awardees: **Crosstex Energy Services** in the Under 100 Trucks category, **J Rayl Transport** for 100-500 Trucks, **MBI Energy Services** for 500-Plus Trucks, and **Paul's Hauling LTD** in the Canada category.

TRENDS
SHAPING THE FUTURE OF LOGISTICS

Hours-of-Service: A Question of Time

by Joseph O'Reilly

Trying to wrap your head around the Federal Motor Carrier Safety Administration's (FMCSA) Hours-of-Service (HOS) regulations that went into effect July 1, 2013, is a numbers game.

Put simply: "You almost have to be a math major to understand the new Hours-of-Service rules," says Don Jerrell, associate vice president, risk solutions group at New Berlin, Wis.-based insurance brokerage HNI Risk Services.

When you get down to the nitty-gritty details of how the new HOS rules impact trucking companies, their drivers, independent owner operators, and ultimately shippers, it's all about the numbers: the 168-hour week; the 60-hour cap for drivers working seven consecutive days, 70 hours for eight consecutive days; the 34-hour restart; the 30-minute break; and the consecutive 1 a.m. to 5 a.m. rest periods.

The most glaring number, however, is the 115,000-driver deficit expected by 2016—a point documented in the 2013 *State of Logistics* report. No less important, some trucking insiders speculate the new rules will reduce trucking capacity by three to five percent as a result of lower driver and truck utilization. Regardless of how fuzzy your math is, those numbers don't add up.

That seems to be the cardinal concern among carriers that know finding qualified drivers is becoming a challenge. The FMCSA's Compliance, Safety, Accountability (CSA) requirements make that task even tougher. And federal lawmakers thus far have been indifferent to legislative efforts aimed at increasing gross vehicle weight limits on U.S. roadways. Productivity is trending downward as capacity shrinks.

FACING THE INEVITABLE

Even before the U.S. Court of Appeals recently sustained most of the HOS provisions—notably snubbing a 30-minute rest requirement for short-haul drivers—many carriers were preparing for the inevitable.

In 2012, for example, Iowa-based truckload carrier Ruan began re-analyzing its routes. Roughly six percent of Ruan's more than 230 locations are affected. The 34-hour restart provision, in particular, shakes up operations that run 24/7, such as dairy, retail, and grocery.

Drivers who work overnight have felt the impact the most. But these operations aren't necessarily adding resources. Most are making adjustments by re-routing deliveries or adding part-time drivers.

"The new rules will affect productivity," notes Lisa Gonnerman, Ruan's director of safety. "The 30-minute break requirement (mandated after working eight consecutive hours) effectively reduces a driver's workday from 14 hours to 13.5. It will force some drivers to make fewer stops and/or reduce miles per load in a day to remain in compliance."

The court rejected the 30-minute break for short-haul carriers—a move that benefits trucking companies. Short-haul drivers are not behind the wheel for eight hours at a time; myriad interruptions limit fatigue.

"Had the 30-minute break been mandated, it would have had a huge impact," explains Jerrell. "From an economic perspective, truckers are pushing up against what they are allowed to do to operate at peak performance. They are using that time."

With the 34-hour restart, however, logic is fleeting. The conditions are convoluted, which makes interpretations confusing. Jerrell offers one example.

"If I'm a driver who gets in Friday at midnight, I can get back on the road Sunday at 10 a.m. I have 34 hours and two periods between 1 a.m. and 5 a.m., so I'm good," he says. "Next Friday I get back at 9 p.m. and I have to take a 37-hour break because my previous restart didn't begin until midnight.

"But the following week, I get in at 9 a.m. I can't begin my restart even though I had a 37-hour off-duty period the week before—because it doesn't go back to the start of the rest period, but rather the beginning of the restart. The only way I can get off cycle is to go one week without using the 34-hour restart to get back to where I was. That makes no sense," he says.

The new Hours-of-Service rules limit the number of daily and weekly hours drivers can spend behind the wheel, and regulate the minimum amount of time drivers must spend resting between driving shifts.

Depending on when drivers start their week, they might have to add as many as 18 hours to their restart, limiting the overall number of hours they work in a week—and also reducing pay.

"As a result of this inefficiency, some carriers may need more drivers and potentially more assets to do the same amount of work," explains Gonnerman. "In an industry plagued by a shortage of qualified drivers, some carriers may turn to hiring less-experienced drivers."

The 34-hour restart still remains optional. As long as drivers stay under the 60/7 or 70/8 constraints, it's not an issue. Alternatively, they have to keep a running tally (recap) of hours over the preceding seven or eight days to evaluate where they stand in relation to limits.

SENDING MIXED SIGNALS

Jerrell takes less issue with the consecutive 1 a.m. to 5 a.m. rest periods—aimed at reducing driver fatigue—which some observers have suggested will paradoxically push more trucks onto busy roads during the day, thereby increasing safety concerns. But he believes FMCSA is sending out mixed signals, especially if the purpose of these new rules is to make trucking safer.

"Because the 34-hour restart is not mandatory, which is a positive, carriers and drivers are going back to recapping," Jerrell says. "When you recap, drivers gain their hours at midnight. So now they will be driving between 1 a.m. to 5 a.m."

Because the appeals process has run its course, most carriers are resigned to the

When the driver shortage becomes an issue, the new Hours-of-Service rules will undoubtedly force trucking companies to optimize their networks and reconsider the way they serve shippers.

fact that this is the new reality. There may be some wishful optimism that Congress could conceivably put provisions in the next highway bill that would de-fund HOS enforcement. That isn't likely—nor is there any guarantee lawmakers could get highway legislation passed to begin with.

So carriers are going to have to adapt, says Jerrell. Many larger trucking companies were ready, having implemented electronic logs and training drivers on the new changes.

"Smaller carriers hoped something would happen to stop the new rules," he says. "Many were not prepared for them, and had to scramble at the end."

But Jerrell remains incredulous about how the new HOS rules will play out when the driver shortage becomes an issue, believing a perfect storm is brewing. The rules will undoubtedly force trucking companies to optimize their networks and reconsider the way they serve customers—which, he notes, could be a silver lining.

"Carriers will have to take a step back and re-analyze their customer base, and perhaps scorecard them on different factors: How much freight do they move? How well do they pay? How well do they fit traffic patterns? How do they treat drivers?" he says.

"They may have to start taking business away from some customers and feeding it to others. That's how they will remain profitable," he explains.

Amid all the confusion and uncertainty, one thing is clear for many carriers such as Ruan: the new HOS rules appear to be "a solution in search of a problem," as Gonnerman describes it.

"The doubtful safety benefits that could result from these rules come at the cost of valuable time and other resources," she adds. "The driving limitation could add significant costs to the economy, and push undue burden onto drivers."

Will Chipotle's Supply Chain Issues Bite Into Sales?

"Food with integrity" has always been Chipotle Mexican Grill's pledge. The restaurant chain makes a concerted effort to source from local farmers. Consequently, consumers have demonstrated a willingness to pay more for fast food that adheres to higher quality standards.

Supply chain transparency is such a big part of the Denver-based company's brand that it features prominently on the ubiquitous brown menu: "We take pride in knowing where our food comes from. We look back along the supply chain, spend time on farms and ranches, and at the facilities where our food is grown, raised, and prepared. We believe in using meats from animals that are raised naturally, without hormones or antibiotics, and are fed a vegetarian diet. Naturally raised meats are in some of our restaurants. We're working hard to find more suppliers so we can expand to many more locations."

Chipotle is using naturally raised meats in some of its restaurants. There's the rub. And that understated disclaimer is increasingly conspicuous.

As the company looks to expand its presence, sourcing natural beef is a challenge. Facing stiffer competition from Taco Bell, which is making a similar quality run to capture market share, there's the uncomfortable reality that "all natural" may no longer be feasible.

As *Inbound Logistics* documented in *Ethnic Foods Beef Up Supply Chain Challenges (Trends, June 2013)*, the U.S. beef industry has hit a crossroads. Consumption is declining as economic pressures and changing consumer tastes choke demand. The U.S. cattle herd is the lowest it has been since 1952. Rising feed costs as a result of corn ethanol subsidies and recent drought conditions are hurting margins. And while domestic beef consumption continues to fall, export demand in emerging middle-class markets around the world is accelerating.

Chipotle says it will consider new supply chain protocols, but won't change how it classifies meat as "responsibly raised" — free of added hormones and antibiotics — despite tight U.S. beef supply.

Chipotle is changing as well. The chain reports it considered modifying standards to allow beef treated with antibiotics into its restaurants as supply shortages continue to surface, according to a recent *Bloomberg* article.

"Under current protocol, all of our Responsibly Raised beef, chicken, and pork comes from animals that are never given antibiotics or added hormones," a Chipotle spokesperson tells *Inbound Logistics*. "At this time, our protocol allows the use of antibiotics to treat sick animals, but those animals must be removed from our supply. We have been considering a slight change that would allow animals that were treated with antibiotics for an illness to remain in our program."

In 2013, 80 to 85 percent of the beef sold at Chipotle's more than 1,500 locations has been naturally raised, compared with almost 100 percent last year.

Chipotle likely faces a conflict of perception among quality-conscious consumers. Having built a business reputation and consumer following based on integrity, the recognition that supply and demand realities are not always aligned with moral rhetoric is tough to swallow.

Taco Bell has already taken a bite out of Chipotle's customer base. In 2012, it introduced the Cantina Bell menu created with the help of celebrity chef Lorena Garcia.

"Not only did that affect Chipotle's sales, but it also forced management to postpone menu price hikes," according to a blog by Boston-based stock analysis company Trefis. "Taco Bell has an advantage in terms of pricing. The burrito, as well as the Cantina Bowl—both part of the new menu—sell for \$5 compared to \$8 or \$9 at Chipotle."

Taco Bell is coming from an enviable position. Economy has always been its trademark. Now the restaurant chain is pushing quality ingredients—a far easier leap because it's slowly raising expectations rather than having to live up to them. Whether Chipotle customers are willing to pay a higher price for product that may or may not meet requirements they have come to expect remains to be seen. When quality pinches purse strings, you find out fast how committed consumers really are.

There's also the consideration that if beef consumption continues to wane—as trends suggest—demand may eventually slacken enough to keep pace with supply. Or another menu item will fill the void. After all, Chipotle is already experimenting with a tofu burrito.

USPS: A Package Deal

Capitalizing on strong growth in its shipping business, the United States Postal Service (USPS) launched major changes to its Priority Mail line-up, with new features including free insurance, improved tracking, and day-specific delivery. The changes are expected to generate $500 million annually in additional revenue.

Priority Mail now provides scheduled delivery—one-day, two-day, or three-day based on the origin and destination of the package—as well as improved tracking. Additionally, the new service includes up to $100 of free insurance coverage in hopes of closing competitive gaps and meeting the growing needs of small businesses.

"Our revamped Priority Mail product line should be a game changer in the shipping marketplace," says Nagisa Manabe, chief marketing and sales officer for USPS.

The Postal Service's package business grew more than 14 percent over the past two years. This e-commerce-fueled trend is projected to continue for the next decade. Online consumers are expected to increase their spending by 62 percent by 2016, and U.S. e-commerce retail sales are expected to grow 41 percent to $370 billion annually by 2017.

The United States Postal Service is improving package service to take on competitors such as FedEx, and to generate an additional $500 million annually.

"With e-commerce driving major changes in shipping habits, and consumers becoming more reliant on delivery services, the Postal Service can play an increasingly vital role as a driver of growth opportunities for America's businesses," adds Manabe. ■

GLOBAL

THE WORLD AT A GLANCE

by Joseph O'Reilly

Brown Sees Red

UPS's recent announcement that it will expand its presence in China with the addition of two new contract logistics facilities in Chengdu and Shanghai is indicative of the country's growing consumer base. The two centers will provide distribution and warehousing solutions to shippers who want to reach customers within China.

The expansions follow the opening of two UPS healthcare facilities in Shanghai and Hangzhou during 2012.

The non-bonded DCs in Chengdu and Shanghai are strategically located in close proximity to international airports and major road networks. Built with capabilities to support a diverse range of Chinese industries—primarily high-tech, industrial manufacturing, aerospace, and retail—customers will also have connectivity to UPS's global IT platforms for distribution and post-sales support.

The new facilities are considered a major part of UPS's efforts to develop a national distribution network in China, and strengthen the company's overall portfolio of international capabilities.

India Logistics Sector Poised for Growth

Increased government spending on infrastructure, and more involvement from the private sector in key projects through public-private partnerships, are catalyzing growth in India's logistics sector. Currently valued at $125 billion, that figure will approach $200 billion by 2020, according to Sarvey Sathyanarayana, India's minister of state for road transport.

India's logistics sector is projected to grow 10 to 12 percent annually for the next three years. Generating skilled labor, implementing technology, and improving infrastructure are three keys to success.

These efforts are a positive sign, given India's poor record on transportation. The government recently accelerated various road projects around the country in an effort to break through notoriously slow bureaucratic bottlenecks.

Marine Harvest Fishes for New Supply Chain Approach

Who says globalization is dead? While the trend toward supply chain decentralization has become a common strategy for multinationals looking to increase demand responsiveness and reduce total logistics costs, sometimes global control takes precedence.

One example is Marine Harvest, the world's largest producer of farmed salmon. To improve product pricing and traceability, the Norwegian seafood company is deploying logistics technology provider Infor's process management and supply chain systems.

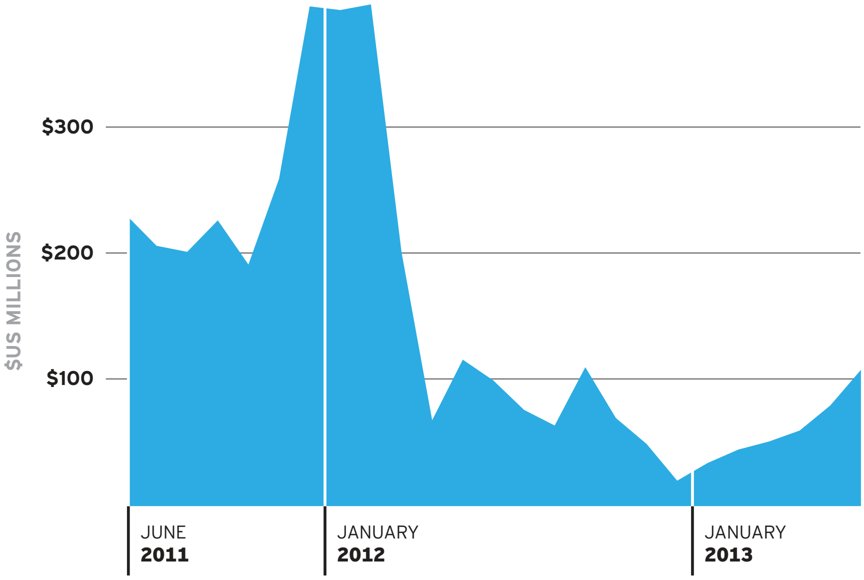
With production and farming facilities located in Norway, Scotland, Ireland, Canada, and Chile, and operations spanning three continents and 23 countries, Marine Harvest has begun a complete business process reengineering project designed to move away from a decentralized, regional structure to a global business template. By integrating *Infor M3* with *Infor Supply Chain Planning*, Marine Harvest hopes to improve visibility into future demand from three to six weeks to three years.

Marine Harvest will deploy the process and supply chain applications in a phased roll-out. The final site is expected to go live in April 2014, with a goal of driving growth by improving demand visibility. [ ]

Seafood company Marine Harvest is casting a net for growth with Infor's supply chain planning solution.

Solar Panel Imports from China Light Up

U.S. imports of solar panels from China have slowly been on the rise in 2013, after increased duties last year caused a freefall in imports. Even with the recent increase, imports of solar panels are still down more than 70 percent year over year.



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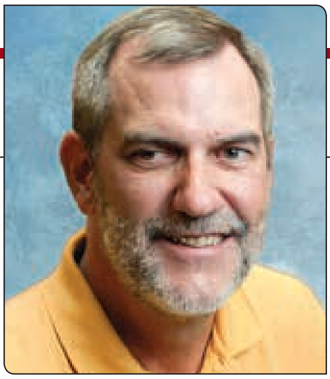

BY DR. JOHN FOWLER
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Study Up on Supply Chain Graduate Degrees With Added Value

As supply chain networks become increasingly complex, with tighter deadlines and greater financial risks from disruptions, many supply chain professionals seek graduate-level education and credentials to assist them in their current positions or to advance their careers.

Many universities offer master of science degrees in supply chain management (SCM), but a new trend is emerging: degrees that integrate SCM with other disciplines to mirror the complexity of today's business environment. These degrees help professionals gain the knowledge to leverage information across functional areas of the company to achieve competitive advantage.

SCM and Business Analytics

In the rapidly changing supply chain sector, strong knowledge of information systems is essential. Professionals who understand business analytics in a supply chain management environment can help their companies eliminate inefficient use of time, money, materials, energy, and other resources.

Currently offered at only a few universities – and often at an accelerated pace – the Master of Science in Business Analytics (MS-BA) degree prepares students to be at the forefront of data-driven analysis, strategic decision-making, and business process optimization. Typical positions for graduates include operations, supply chain, marketing, and competitive analysts; statisticians and research analysts; and modeling specialists.

Combining business analysis skills with management skills creates measurable improvement in supply chain performance. Companies have access to more data than ever before, but if they don't have the systems – and personnel – in place to capture and analyze it, that data is useless.

MS-BA programs do not usually require previous work experience, and are therefore ideal for recent college graduates with degrees in quantitative fields such as science, technology, engineering, math, and business.

SCM Specialization

The most common type of transdisciplinary program is an MBA that offers an SCM specialization. This degree provides a strong business education along with SCM coursework. It integrates all aspects of products and their service lifecycles, from design to delivery to disposal.

Students gain the knowledge to become strategic thinkers, analysts, and effective communicators who can impact a company's bottom line. Typical positions for these graduates include supply chain, operations, and e-business managers, and logistics analysts.

Most of these MBA programs require prospective students to gain four years of work experience before applying. To provide the breadth and depth of expertise, these programs usually run two years, with many business schools offering evening and online learning opportunities for working professionals.

Two Solid Options

Both the MS-BA and the MBA with an SCM specialization are suitable for professionals with four or fewer years of experience who want to approach their career in a holistic way—by integrating supply chain management with knowledge from interrelated disciplines. Both degrees can help graduates gain valuable skills that will serve them well in multiple positions throughout their supply chain careers. ■

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3PL LINE

BY JOHN T. COSTANZO
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U.S./Canada Border Clearance: It's Not as Easy as You Think

Many U.S. companies underestimate the complexity of shipping to Canada, thinking of it almost as an extension of their own country. Geographic proximity, shared language, and common culture leave the impression that sending goods across the border should be a breeze.

Yet increasingly stringent security mandates, bureaucratic customs requirements, and a battery of taxes, tariffs, and fees can result in shipments being delayed at the border, subject to penalties, or even denied entry.

Whether you are bringing Canadian goods into the United States, exporting to Canada, or managing cross-border customer returns, it's vital to understand some key aspects of both U.S. and Canadian customs processes.

To start, any business sending goods to Canada must obtain a business number from Revenue Canada for tracking all tax and financial transactions. That number must be included on all forms and paperwork, and is the tip of the iceberg in terms of compliance.

The Canada Border Services Agency (CBSA) also requires shippers to:

- Pay all taxes, including federal and provincial sales taxes, and applicable duties and tariffs.
- Determine proper harmonized tariff code.
- Complete numerous forms, including a Cargo Control Document, NAFTA certificate of origin, and cargo manifest.

Canada recently introduced a new eManifest portal, which requires all carriers to submit an electronic accounting of incoming shipments prior to arrival at the border. The eManifest requirement is still in an "informed compliance" period, but CBSA will start to impose fines for non-compliance once that period ends.

Stateside Requirements

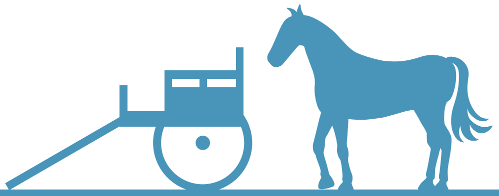
Similarly, the process for importing goods into the United States is bureaucratic and technical, and in many ways mirrors the Canadian process. A telling sign on the U.S. Customs and Border Protection Web site warns, "Importing goods without researching entry requirements in advance can be a costly experience."

In addition, each country implements border security programs intended to track the contents of shipments arriving at their borders. The good news is that each government offers "trusted shipper" programs to help facilitate compliance, and minimize the likelihood of shipments being delayed at the border.

These programs — the Free and Secure Trade Program, administered jointly by the United States and Canada; CBSA's Partners in Protection and Customs Self Assessment programs; and the United States' Customs-Trade Partnership Against Terrorism and air cargo Certified Cargo Screening Program — are a tremendous help, but require participants to undergo an arduous application process.

If it seems like there is redundancy in these processes, it's because there is. Businesses on either side of the border have been asking for relief, and the two governments have pledged to find efficiencies where possible. But any changes are sure to come slowly.

With more than $600 billion in goods crossing the U.S./Canadian border every year, it has never been a better time to consider integrating an export/import component into your business. Thousands of businesses are already finding success in cross-border sales. But as you make your plans, be sure to include a viable process for border compliance. ■



THE PROBLEM WITH A LOT OF SUPPLY CHAIN SOLUTIONS IS THAT THEY DON'T FIRST DEFINE THE PROBLEM.

Today, global logistics providers must have the tools to manage customer supply chains. A global office network, transportation and distribution services, integrative IT platforms, and so on. With these tools in place, one might think that is enough. It isn't. However, they all have to be in the "cart."

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[REVERSE LOGISTICS]

BY CURTIS GREVE
Managing Director, Reverse Logistics and Sustainability Council
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Discovering the Value of Reverse Logistics

Some people think of reverse logistics – the process of removing assets from their primary use channel to a secondary channel to maximize the assets' value – as only handling customer returns or defective goods. But defective items account for only about 25 percent of the total value of all assets processed in reverse logistics operations.

Recalled product, overstocks, fixtures, recyclables, capital assets, end-of-life goods, and assets to be disposed of make up the majority of goods in the reverse logistics pipeline. For many companies, reverse logistics – which incorporates returns management, aftermarket and field services, refurbishing goods, repair activities, recycling, liquidation, and asset recall, repacking, and repurposing – presents an opportunity to streamline processes, leverage volumes, reduce expenses, and increase recovery values.

A company's ability to effectively interact with customers during the return experience; process recalled and returned assets; deal fairly and accurately with all trading partners; financially account for the returns process; and responsibly manage the ultimate disposition of all assets impacts customer satisfaction, business reputation, sales, earnings, public opinion, and shareholder value.

Despite this far-reaching impact, some corporate executives may not realize the value of reverse logistics. One common attitude is to oversimplify reverse logistics as nothing more than returns. Executives with this mindset are missing an opportunity to add to their company's bottom line.

An Unavoidable Truth

Another type of executive reaction to reverse logistics issues is resigned acceptance. Reverse logistics typically crosses departmental boundaries, and requires support from several functional areas, but many companies fail to dedicate sufficient internal resources to it.

Usually, no single executive is empowered to manage all the processes associated with reverse logistics operations, so they fly under the radar and get little or no support – until something goes wrong or the financials take a hit.

For these managers, reverse logistics presents an enormous problem. "If we build out a returns process, the merchants and stores get all the benefits, and I get all the headaches," says one senior supply chain executive.

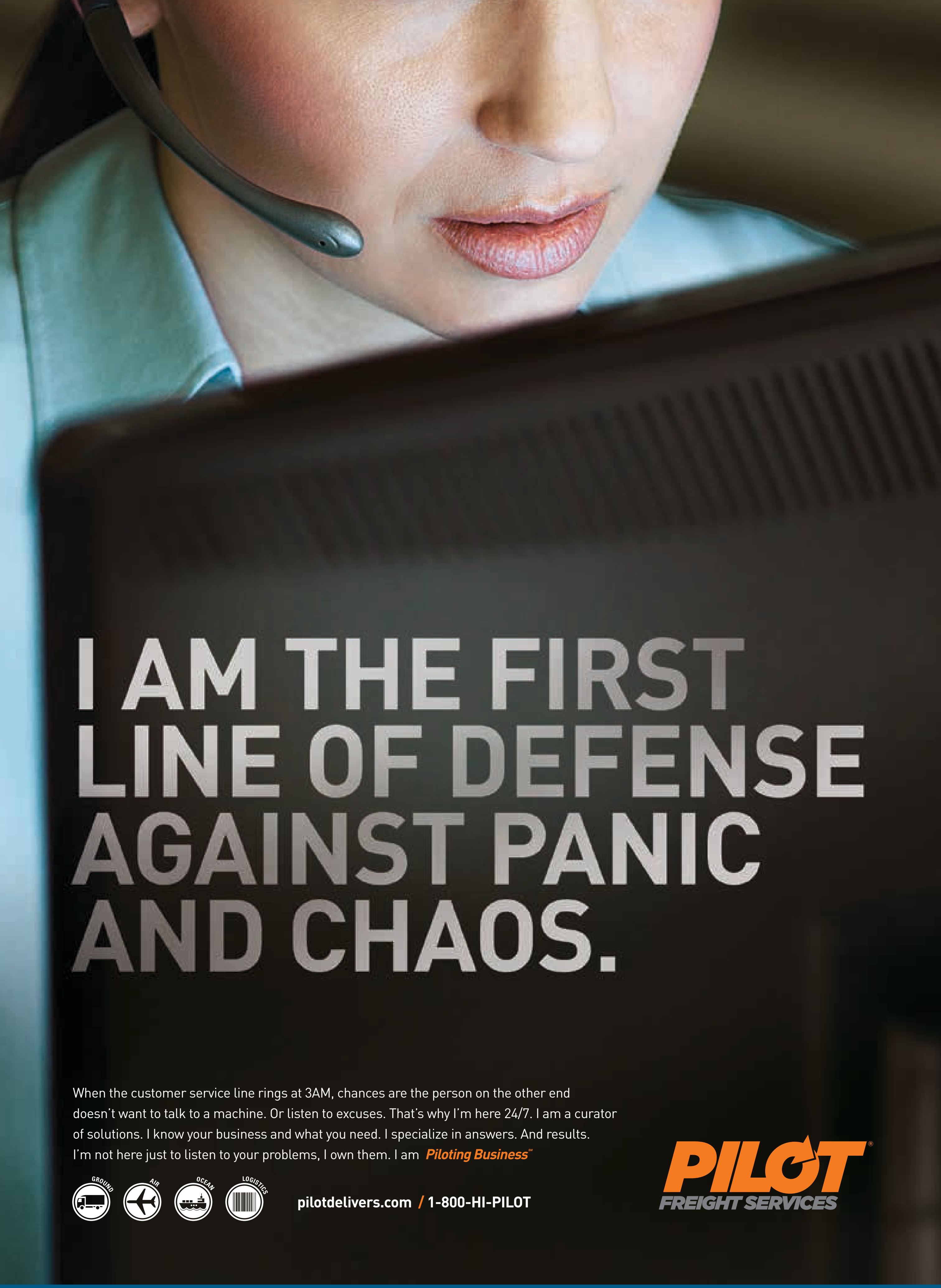
To complicate matters, some sales executives and merchants resist addressing returns and recalls because they assume 100-percent sell-through, with a zero-defect rate. Manufacturers and store operations executives focus on selling product, and avoid dealing with returns.

Support From the Top

For these reasons, it typically takes a senior executive to champion the corporate reverse logistics effort. Benefitting from reverse logistics requires creating a network and process that can efficiently handle all the assets coming out of the supply chain. While this network requires resources, few investments have a bigger impact on profits.

Companies with best-in-class reverse logistics capabilities have, on average, a 12-percent advantage in customer satisfaction, according to a study conducted by the Aberdeen Group. The study also found that returns cost manufacturers nine to 14 percent of total sales. What other investment can potentially improve customer satisfaction by 12 percent, and improve profits by up to five percent of total sales?

Developing reverse logistics capabilities can have a significant financial benefit, and is well worth the time, effort, and resources. ■



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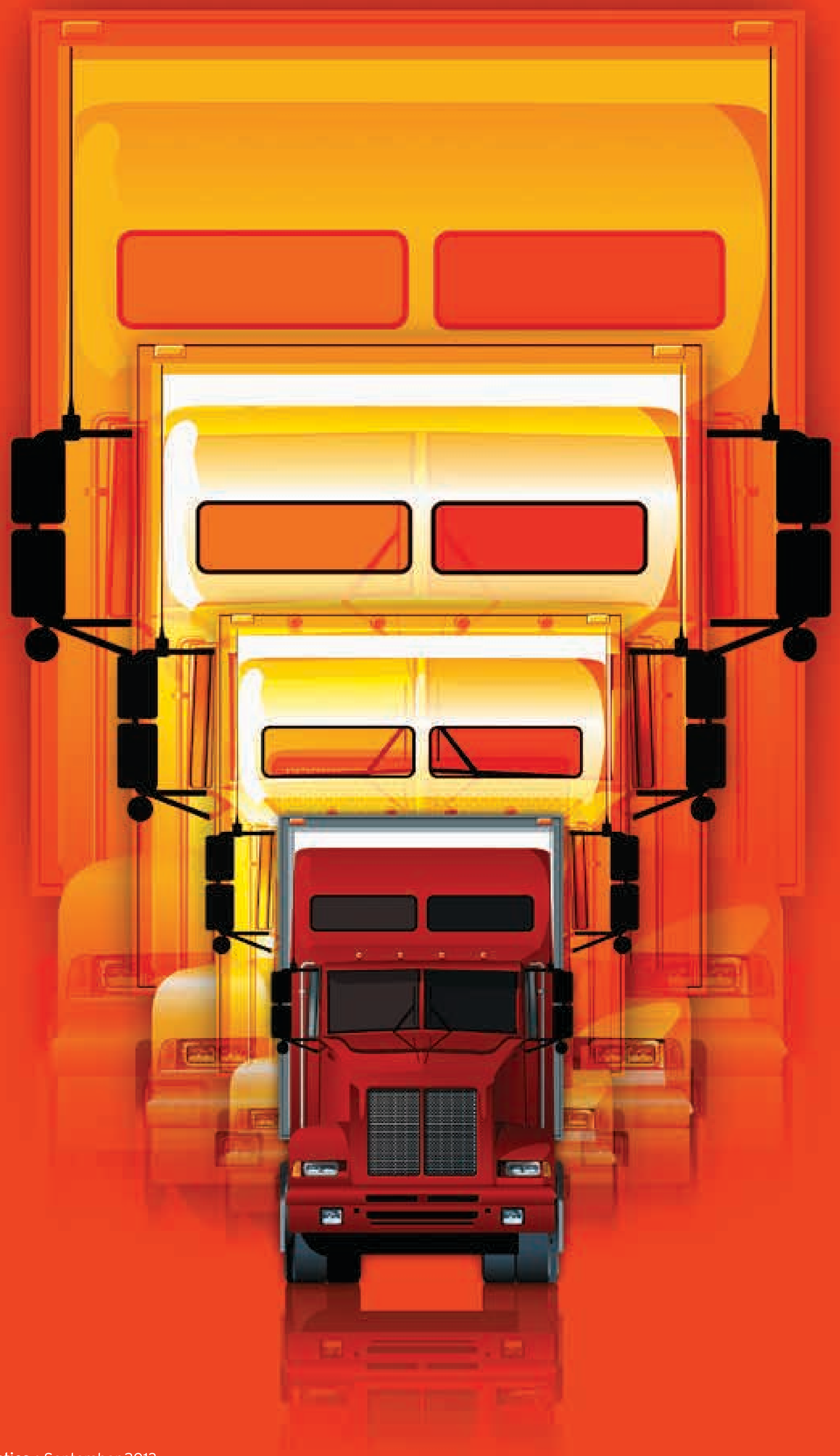

BUILDING CAPACITY THROUGH SPECIALIZED CARRIERS

Forming partnerships with specialized and diversified truckers can help secure capacity when there's none to be found. By Greg Thompson

As director of domestic logistics for lawn care equipment company MTD Products Inc., Valley City, Ohio, Dan Ziegler understands the importance of working diligently with the asset-based carriers in his transportation network. For Ziegler — who manages both the flow of parts into manufacturing plants and the delivery of finished products — the ability to have guaranteed capacity is key to his entire supply chain.

Coming off an economic recession that drained truckload capacity by 15 percent, shippers have a variety of service options at their disposal. The leading truckload carriers increased their presence in the dedicated contract carriage (DCC) and regional services markets to fill the void left by the recession-driven departure of small and mid-sized carriers. And some traditional truckload carriers leveraged transportation technology systems to enter the refrigerated market (*see sidebar, page 42*).

But while Ziegler and other transportation decision-makers can choose from an array of specific services, it's still a matter of finding the right fit.

"I work with asset-based providers to build long-term partnerships and share information," Ziegler says. "The carriers have visibility to inbound and outbound moves from our location so we can identify synergies between our freight and their capacity."

Because of these partnerships, MTD has not experienced a great deal of turnover in its carrier network. "We want our carriers to help us create the most flexible and responsive supply chain possible," Ziegler says. "The carriers are offering more specialized services; in fact, almost every large asset-based carrier is trying to grow its dedicated business." To point, MTD expanded the use of its DCC provider by 25 to 30 percent in the past year.

"It's a win for the carrier when you can commit a certain amount of volume to its assets and drivers," he says. "It's also a win for the shipper because — if you do it right and have the systems in place to manage it — you will save money.

"But, most importantly, you will guarantee capacity," Ziegler continues. "You will be able to ensure that your parts are where they need to be, and your customers are getting products into their stores when they need them."

A Shaw Thing

As corporate transportation manager for Shaw Industries, a Berkshire Hathaway company and manufacturer of carpet and floor coverings, Ben Ball oversees approximately 100,000 annual linehaul moves. Like Ziegler, Ball has witnessed an evolution within the truckload market during the past 10 years.

Shaw, headquartered in Dalton, Ga., has seen capacity tighten following the recession. Recognizing the market pressures of rising equipment costs, the loss of productivity through tightened regulations, and a shrinking driver pool, Shaw looked for ways to best assist its carriers in a specialized truckload market.

"Like many other businesses, carriers have scaled down, and want to grow their fleets a little slower than they have in the past," Ball says. "Hiring drivers can be an issue, and equipment costs are rising."

This changing environment inspired Shaw to become more proactive when working with its carriers. "We've always tried to be consistent with our carriers," Ball says. "But particularly during the past five years, as carriers were right-sizing, we worked to improve the information we provide them, as well as the way we analyze our network to identify our needs."

Leading truckers such as Werner Enterprises continually review their networks and make adjustments where necessary to ensure capacity is there when shippers need it.

The slow economic recovery has masked some pressures of an even tighter capacity crunch on the horizon. "To cope, smart shippers will look to establish good business relationships with their carriers," says Peter Gatti, executive vice president of industry association The National Industrial Transportation League.

"If supply tightens, and the economy expands, shippers will see increased freight rates that will ultimately drive the market," Gatti says. "Evaluating carriers not only on price, but also on performance, will be an essential element of the selection process."

The broader scope of available services simplifies the process of selecting carriers, according to a transportation manager for a large medical products manufacturer.

"We no longer look at carriers in specific buckets such as truckload, dedicated, drayage, or heavy haul," says the transportation manager. "We look at a carrier's entire breadth and depth of services, and won't even consider using a carrier that doesn't display some level of diversification.

"I am not going to contract with a truckload carrier unless it can offer more than a simple service anyone can buy on the spot market," he adds. "I refuse to let the continued commoditization of the market drive complacency, and not expect carriers to offer multiple services. These options are readily available to educated shippers."

New Era of Collaboration

Rather than shop for a specific dedicated contract carriage solution, or another targeted service offering, Shaw made the commitment to look deeper into its network data to offer information to the more than 90 carriers bidding to provide transportation from the company's Dalton plant to its 28 regional distribution centers across the country.

"We used to provide projections by the week or month; but in our last network bid, we drilled down to the day," says Ball. "These daily projections gave prospective

carriers a detailed view into what they could expect if we chose them to serve our network.

"We believed anything we could do to enhance carriers' abilities to adapt to our business needs would create a better partnership — and it has," explains Ball.

The end result of this collaborative effort has been the creation of a transportation network that has worked well for Shaw and its carrier partners. The ability to leverage the best available data from Shaw has been key to building a more efficient network.

"Both parties are making an effort to be as precise as possible, and open to the real need," says Ball. "Providing carriers with more information allows them to be successful. They see the effort we put forth to drill down into our networks, and our willingness to establish a true partnership.

"Our carriers are sharing more details about their networks, as well — such as where their congestion points are. They have been proactive in getting information back to us," continues Ball. "We have gotten to know their pain points, which allows us to work more closely together to ensure the supply chain flows as it should."

MTD Products also leveraged the increased insights provided by a new transportation management system (TMS) to tighten its supply chain.

"The new TMS gives us better visibility and control of our shipments, and helps us develop relationships with our asset-based partners," says Ziegler.

"If we use a carrier on an outbound load to one of our customers, we try to find a backhaul to our location," he says. "We are trying to build not only return-trip routings, but continuous move routings where we can keep the carrier in our network. We are pursuing any avenue we can to guarantee capacity during our critical time of year — the spring and summer lawn-cutting season."

Carrier Perspectives: Leveraging a Variety of Services

Carriers also have a unique perspective on the role of diversified services. Phoenix-based truckload carrier Swift Transportation, for example, views the specialization of services as both a strategy and a customer support opportunity.

Service specialization has enhanced relationships with shippers, and presented opportunities to retain drivers in a challenging market, says Richard Stocking, president and COO of truckload carrier Swift Transportation.

"Swift's specialized services have grown over the years based on our strategy to meet shipper demand for value-added transportation solutions," says Richard Stocking, Swift's president and chief operating officer. "One component of our approach has been to partner with shippers, and collaboratively work on developing specialized services including dedicated, intermodal, refrigerated, flatbed, and logistics.

"With our large asset presence and geographical coverage across the United States, Canada, and Mexico, we are constantly presented with opportunities to diversify from our traditional full truckload offering," he adds.

Among the benefits that Swift has seen from service specialization are enhanced relationships with shippers, and a variety of opportunities that are helping retain drivers in a challenging market.

"For shippers, service specialization offers greater value and ease of business, ultimately providing a competitive market advantage," Stocking explains. "For carriers, these specialized services give us more strength in the market, and build the relationships we have with customers.

"Growing specialized services is also one avenue to help retain drivers and provide meaningful employment," he adds. "Dray, local shuttle, and regional dedicated services provide drivers the opportunity to stay closer to home, and have more work predictability than long haul."

The value of schedule predictability for drivers cannot be overstated. Dan Van Alstine, senior vice president and general manager of Green Bay, Wis.-based truckload carrier Schneider National's DCC operation, places a fine point on the importance of what a dedicated route can mean for drivers.

"Drivers want a sense of connectedness and belonging," says Van Alstine. "They want to develop a relationship with the store that they deliver to twice a week, and the warehouse they pick up from every day. They want to know that they are part


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COOL MOVES:
EXPANDING INTO REFRIGERATED

When the recession hit a broad spectrum of industries serviced by the truckload sector, and shipment volumes decreased, carriers began to examine new business models and transportation technologies to diversify services and explore new markets. In recent years, some large truckload players established – and have grown – new refrigerated service offerings.

"Technology improvements have greatly affected the refrigerated transportation market," notes Richard Stocking, president and COO of Swift Transportation. "These technological advances are improving the quality of perishable products at the time the consumer purchases them."

The ability to apply improved transportation technology and more capacity to the refrigerated market has added velocity to the food supply chain. Additionally, the refrigerated sector offers carriers an all-important consistency of freight.

"Refrigerated goods have always had a 'shelf life' – the longer it takes to sell the product, the more the quality of the product deteriorates, and, consequently, loses value. In retail terms, that correlates to a loss of revenue," says Stocking. "Transportation technology advances; improved and more efficient refrigeration units; and upgraded or improved packaging, fruit/vegetable coatings, and bioengineering have helped to reduce the deterioration of food products.

"The refrigerated sector doesn't see the same volume fluctuations driven by the economy or other factors that the dry van sector experiences," he adds. "Everybody has to eat. Many perishable products are seasonally grown and sold in the United States. In years past, consumers were used to going without during the 'off' season. But, because of refrigerated advances, the products can now be imported from other countries and shipped here."

When staking out claims on new revenue streams such as refrigerated service, carriers keep an eye on customer demand.

At J.B. Hunt, for example, "We intend to continue entering new specialized markets," says Brian Webb, senior vice president of business development. "Five years ago, for instance, we saw an opportunity in delivering big and bulky items to homes, offices, and job sites. That led to the creation of our Final Mile network. We now have delivery trucks and crossdocks strategically located 150 miles or less from 98 percent of the U.S. population.

"With any new market, we listen closely to our customers for an opportunity to solve a supply chain or customer service challenge," Webb says. "We will enter a new market if we can offer an improved alternative solution – especially if we can leverage all our complementary service offerings."

of a team, and that they make a difference every day."

Service diversification has become a powerful tool for a host of truckload carriers. Many that widened their offerings to include intermodal and logistics in addition to line-haul services, for example, have positioned themselves as transportation companies rather than truckers.

"For carriers to remain strong, and weather an unpredictable economy, diversification of transportation offerings is the only way to go," notes Shelley Simpson, chief marketing officer and president of Integrated Capacity Solutions for J.B. Hunt, a Lowell, Ark.-based logistics and transportation company that features one of the nation's largest intermodal networks and DCC operations.

"A diversified portfolio allows shippers to work with a single provider for a greater portion of their supply chain," agrees Derek Leathers, president and COO of Werner Enterprises, a truckload carrier based in Omaha, Neb. "Diversification, however, forces providers to be able to deliver competitive solutions when dealing with shippers who have niche product and service operations.

"Providing capacity and quality service to shippers are top challenges for any carrier, regardless of their portfolio," he adds. "It comes down to shippers and providers having transparent dialogues regarding their business needs and what networks can support those needs.

"Top providers are continually reviewing their networks and making adjustments where necessary," Leathers says. "Shippers deserve that flexibility from their supply chain partners."

Niche Markets Redefine Direction

Covenant Transport, a long-haul truckload carrier based in Chattanooga, Tenn., also took the opportunity after the recession to examine developing specialty markets in an effort to find the right mix for its solo fleet.

"Covenant Transport has always concentrated on long-haul, expedited freight moving from the East Coast to the West Coast," says Covenant COO Sam Hough. "A recent diversification effort, however, focuses on a new 'singles strategy' to include a concentrated network of solo drivers who focus on niche markets with lengths of haul around 500 miles."

The shorter runs allow greater flexibility to use the company's drivers to relay freight while getting them home more regularly.

"The regional and dedicated markets have grown significantly over the past few years because carriers realize that drivers like the consistency of dedicated runs, and can be home more often," Hough notes. "Moreover, the driver derives a greater feeling of 'ownership' regarding level of service."

Like other carriers, Covenant has seen improved driver retention from its entry into the specialized service markets. Hough also believes there is a notable chance for growth within both DCC and regional service operations.

"The growth potential is positive for the regional and dedicated markets, particularly when comparing over-the-road (OTR) versus rail," Hough says. "Regional

Sam Hough, COO of Covenant Transport, is leading the stalwart long-haul truckload carrier's diversification effort to serve the regional and dedicated marketplace.

OTR service insulates carriers from intermodal competition because the rails have a difficult time competing in the 200- to 300-mile short haul market.

"Conversely, the regional market becomes more competitive, and, therefore, carrier profit margins begin to decrease," he adds. "As the economy improves, and GDP increases, shippers could be forced to look at options such as dedicated or regional opportunities to continue to provide the best service possible. Selecting the right specialized market for your company is critical. Each market has its own unique challenges that you must be prepared to combat."

Expedited Service: The Time is Right

The challenges for any new asset-based carrier are numerous in these slow-to-recover economic times. Yet with the trend in asset utilization taking place across a range of specialized service markets, the leadership at V3 Transportation, a time-critical transportation provider based in Brunswick, Ohio, identified an opportunity to launch an expedited fleet in January 2013.

Customer response to the new service has been strong, says V3 Transportation CEO Bob Poulos, and the company reached the 50-truck mark in just seven months. Poulos and John Sliter, V3 president and COO, believe the company is already well-positioned to take the first steps in its five-year growth plan to build a 600-truck expedited fleet.

"Coming out of the recession in 2009, fleets took a huge hit as expedited freight movement slowed to a crawl," explains

Poulos. "Carriers rebuilt their business by diversifying into less capital-intensive modes such as air freight, truckload brokerage, and other non-asset businesses. We believed that the market was ready for a new entrant whose sole focus would be time-critical and specialized freight."

Expedited is becoming more than just a platform to manage production labor cost or missed sales opportunities. "New demand triggers will fundamentally change the future economics of the expedited market," Poulos says. "We see a trend toward increased cycle times; continued low inventory levels; and higher velocity, smaller quantity movements in the supply chain."

The competitive landscape in expedited ground transportation is dominated by FedEx and Panther Expedited Services. Beyond those two large players, the market is fragmented, with dozens of small and mid-sized providers operating fleets ranging from 25 to 350 trucks.

"The expedited market is entering its next maturation cycle as new industries are being forced to embrace the mode due to historically low inventory levels, increased cycle times, and the need for higher velocity, smaller shipments through the supply chain," says Poulos. "Industries such as retail, consumer packaged goods, and manufacturing historically push product through their supply chains, then change their tolerances based on how the end consumer is buying the product.

"We see a movement from a 'push' supply chain to a 'pull' supply chain where companies more selectively source and ship their product to the end user," he says.

The Road Ahead

Given the challenges that exist in the marketplace, and those looming on the horizon, shippers will value access to capacity even more in the future. Along with many of his fellow shippers, MTD's Ziegler is quick to acknowledge that equipment costs will continue to rise — especially if more fuel emissions regulations become a reality. Additionally, industry observers and analysts agree the driver shortage will not improve in the near term. And if the economy begins to thaw at a faster pace, all the factors driving the capacity crunch will grow more acute.

"The future is a little scary because we are going to face capacity shortages," says Ziegler. "To guarantee capacity, shippers need to get creative and focus on the relationships they have with carriers. What can you do to work with carriers to ensure your parts move when you plan them, and your customers get their orders when they want them?"

Ziegler hopes this spirit of cooperation will continue. "Carriers are drilling down on information — by lane and geography," he says. "Shippers are working with carriers to make sure the supply chain is operating well.

"Shippers who don't focus on building relationships risk carriers not wanting to do business with them, and it will cost more to go elsewhere," he adds.

"We have a lot invested in our carrier relationships, and we want those relationships to continue," Ziegler notes. "It's the best way to find and secure the capacity we need to keep the supply chain flowing." ■

2013 TRUCKING PERSPECTIVES

TRUCKING PERSPECTIVES

by Joseph O'Reilly

Shippers and carriers face myriad uncertainties as the economy slowly begins to recover. Will compliance with new regulations raise rates? Is a capacity crunch on the horizon? Do green mandates raise red flags? And what about a driver shortage? *Inbound Logistics'* exclusive trucking market research survey provides some in-depth answers.

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.

Second, *Inbound Logistics* reached out to more than 200 unique motor freight shippers to comment on industry trends, regulatory challenges, and their partnerships with carriers.

For trucking companies, objects in the mirror are always closer than they appear. It's the nature of the business. In the day-to-day fray, every detail is magnified — whether it's a late shipment, freight claim, dissatisfied customer, spike in fuel prices, or increased regulatory bureaucracy.

Fortunately for truckers, the biggest bump in the road appears to be disappearing from view. After five years of industry attrition and contraction, the U.S. economic engine is spitting and sputtering toward sustained life.

Capacity, cost, and regulations are top of mind for freight shippers and carriers responding to *Inbound Logistics*' 2013 *Trucking Perspectives* market insight survey. Some uncertainties that shrouded last year's report — notably the 2012 election and the U.S. Federal Motor Carrier Safety Administration's (FMCSA) Hours-of-Service (HOS) implementation — have been resolved. Others remain fluid.

While truckers overwhelmingly express confidence about economic recovery — 40 percent see the economy trending upward, 59 percent forecast static growth, and only one percent fear another downturn — increasing regulations and operating costs harden optimism.

Truckers face a litany of concerns: the Affordable Care Act; Moving Ahead for Progress in the 21st Century (MAP-21); FMCSA's HOS and Compliance, Safety, Accountability (CSA) safety rating program; and California Air Resources Board and Environmental Protection Agency mandates. Truckers are on edge, sensitive to how shifts in driver availability and government policies will shape industry's trajectory moving forward.

Assessing Assets

Following the economic doldrums that beset much of the trucking industry, and forced many companies to streamline assets to better match available capacity with demand, carriers are slowly rebuilding their fleets. For some, it's a matter of compliance, investing in more fuel-efficient and cleaner-burning tractor engines; others sense the perfect capacity storm that is swirling as freight volumes accelerate and driver recruitment idles.

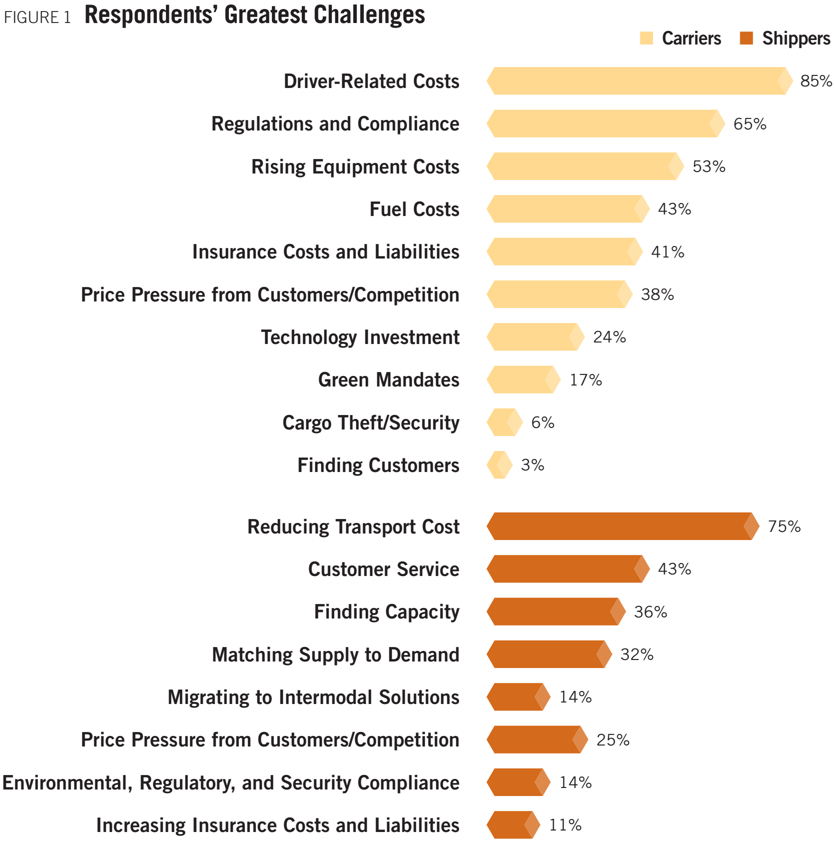
Carriers responding to this year's poll account for an average of 2,801 tractors and vans, compared to 2,988 units one year ago, and 2,542 in 2011. There appears to be some stabilization as companies optimize their networks and match assets to growing demand. Carriers are also investing in trailers — operating 6,755 on average in 2013, up from 6,643 last year.

While capacity can be interpreted in different ways, the true measurement is driver availability. In 2013, trucking companies report an average of 2,871 drivers (owner operators included), down from last year's high-water mark of 3,024, but above the 2,507 reported in 2011. Interestingly, drivers and trucks appear to be balancing out at a similar rate.

Not surprisingly, managing driver-related costs — recruitment, retention, and training — remains the foremost challenge, according to 85 percent of carriers responding to this year's poll (*see Figure 1*). Little has changed in terms of priority since last year. Regulations and compliance (65 percent), rising equipment costs (53 percent), fuel costs (43 percent), and insurance costs and liabilities (41 percent) round out the top five concerns.

Pricing pressure from customers and

FIGURE 1 **Respondents' Greatest Challenges**

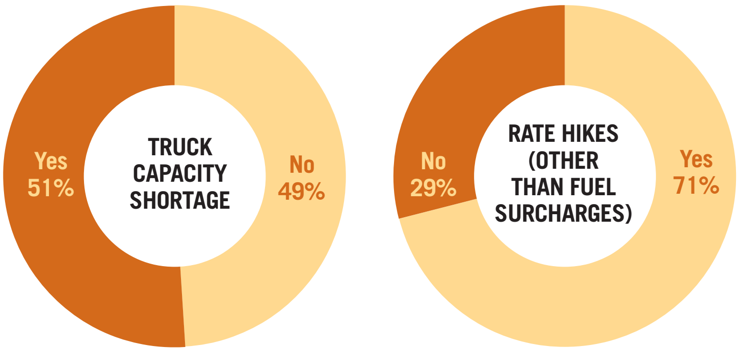


All chart data: *Inbound Logistics* 2013 Trucking Perspectives market insight survey

competition, which last year rated fourth among top priorities, has dropped — with only 38 percent of carriers citing this as a problem. It's another indication that the market is contracting, and there's more freight to go around.

Shippers are equally concerned about reducing transport costs — 75 percent of survey respondents indicate as much. But other priorities are shifting. Customer service (43 percent) now rates second, up five percent from 2012, displacing pricing pressure from customers and competition (25 percent). Finding capacity has jumped to third, according to 36 percent of respondents; in 2012, less than one-quarter of shippers identified it as a concern.

FIGURE 2 **SHIPPERS: Have you experienced...**



More telling, one in two shippers faced a shortage of capacity during the past year, compared to 45 percent in 2012 and 36 percent in 2011. Meanwhile, freight costs are on the rise. Seventy-one percent of shippers say they have experienced rate hikes apart from fuel surcharges — up five percent over last year's figures (*see Figure* 2).

Carriers are gaining pricing leverage as the economy and freight volumes pick up — and their customers are sensitive to this. In 2012, 98 percent of surveyed shippers cited reliability as the most important criterion when selecting a trucking partner (*see Figure* 3). This year, they reverted to pricing (93 percent), followed by reliability (86 percent), and customer service (75 percent).

Many shippers are in limbo at the moment. Capacity is still soft enough that they have some latitude to try and negotiate on price, but that window is shrinking. As shippers become resigned to paying more — and passing along these costs to consumers — their service and reliability expectations will only grow as they demand more value.

Carriers are responding by expanding their service and technology capabilities. Seventy-nine percent provide logistics services — compared to 66 percent in 2012. One reason for this increase is the growth of e-commerce, which places a greater premium on business-to-consumer delivery options. This year, 31 percent of trucking companies offer final-mile services, up 10 percent from 2012.

As much as reducing costs is a cardinal concern, sustainability is less so — following last year's findings. Only 17 percent and 14 percent of carriers and shippers, respectively, identify green mandates and regulatory compliance as a challenge. The reality is that trucking companies have made great strides toward

TRUCKING COMPANIES FROM THE DRIVER'S SEAT

In the wake of the U.S. economic downturn, trucking companies have been optimizing their fleets and operational capabilities to better match the changing needs of over-the-road shippers. Here's a snapshot of trucking companies' services, geographic scope, and assets based on *Trucking Perspectives* survey responses.

CAPACITY

Average Fleet Size (incl. tractors and vans)	2,801
Average Trailer Fleet Size	6,755
Average Number of Drivers (including owner operators)	2,871

OPERATING AREA

North America	77%
U.S. Only	23%
Global	41%

CERTIFICATIONS

SmartWay	93%
HazMat	77%
C-TPAT	62%
Free And Secure Trade (FAST)	35%
ISO	28%
Partners In Protection (PIP)	25%
ACC Responsible Care	17%
Six Sigma	16%
Lean	9%

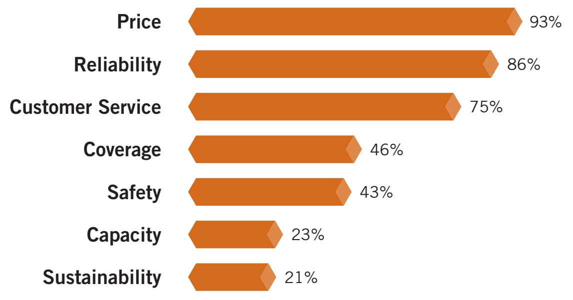
TRUCKING SERVICES

Truckload	85%
Logistics Services	79%
Expedited	61%
Dedicated Contract Carriage	60%
Less-Than-Truckload	60%
Intermodal	50%
Refrigerated	47%
Flatbed	41%
Final Mile	31%
White Glove	27%
Bulk	25%
Household Goods	20%
Motor Vehicle Carrier	16%
Package	11%
Tank Car	5%

VERTICAL SPECIALTY

Freight All Kinds	74%
Retail	68%
Construction & Building Materials	63%
Food & Beverage	63%
Automotive	51%
Chemicals	46%
Valuables (Electronics, Pharma, Jewelry)	46%
Agriculture	39%
Furniture	39%
Oil & Gas	27%

FIGURE 3 **SHIPPERS: What are the most important factors to consider when choosing a motor carrier?**



improving fuel efficiency as a matter of compliance, economics, and environmentalism.

As further proof, 93 percent of surveyed carriers are EPA SmartWay partners. Carbon and cost-cutting initiatives often go hand in hand. Even though sustainability is not a top-line agenda item, for many companies it has become standard operating procedure.

A similar case can be made for safety and security. Only six percent of carriers cite cargo theft as a challenge. And safety and security aren't high on the list of carrier selection criteria for shippers — only 43 percent acknowledge as much. This suggests security isn't a problem until there's a problem.

Policy Palaver

All indicators point to the capacity balance beginning to shift, putting trucking companies in the driver's seat as shippers begin to scour the market and lock up partnerships with preferred carriers. Still, the trucking industry — and shippers by extension — is confronted with an uncertain and potentially disruptive regulatory environment.

Now that the FMCSA's HOS rules have run the appeals gamut and entered into force, trucking companies need to squeeze greater productivity out of their assets by optimizing networks, routes, and operating procedures.

One carrier documents that solo fleets have experienced a 4.9-percent drop in productivity between June and July of this year; and a 3.1-percent decline in July 2013 compared to July 2012. On the long-haul side, the numbers are even more striking. Team fleets saw an 8.6-percent drop between June and July 2013, and a 4.3-percent reduction in July 2013 compared to July 2012.

Trucking companies are taking steps to adapt. For one, they are investing in electronic onboard recorders (EOB) to more easily document driver hours. Seventy-nine percent of surveyed carriers have EOBs installed in their fleets (67 percent in 2012), while 17 percent say they are looking into it.

Trucking companies are also tweaking the way they deliver to customers. "Because we are primarily a just-in-time carrier, we now need to relay freight more often, causing some delays," explains one carrier respondent.

Another trucking company reports, "We're having to restructure some shipping and receiving strategies where applicable."

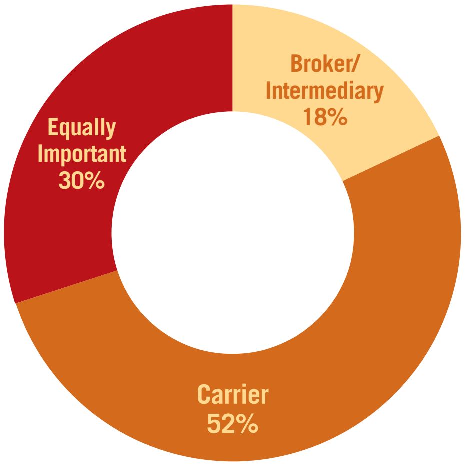
Nearly half of surveyed carriers have already witnessed a noticeable cost or service impact to operations as a result of the amended HOS regulations; eight percent have not experienced any disruption; and 44 percent have yet to see an impact, but expect one.

The consensus among trucking companies is that the FMCSA failed to properly study the ramifications of new HOS policy before executing it. Recently, a group of lawmakers sent a letter to Secretary of Transportation Anthony Foxx seeking a field study and subsequent report on the new HOS regulations, claiming the FMCSA did not follow guidelines laid out in MAP-21 before enacting changes.

In contrast with HOS rules, the CSA program has yet to elicit as strong a reaction. Only 18 percent of trucking companies have witnessed a noticeable cost or service impact to operations; and 19 percent have seen no impact at all. The majority (64 percent), however, expect an impact in the future.

When the driver shortage eventually becomes a concern, carriers will likely cite the CSA program as a cause. In principle, the rating system aspires to create a safer trucking environment by vetting qualified drivers — and industry is on board with the ethos of this directive. But carriers aren't convinced the scorecarding metrics serve as a proper assessment of performance.

FIGURE 4 **SHIPPERS: Which is more important, your relationship with your carrier or with your broker/intermediary?**



As one trucking company explains, "CSA takes a one-size-fits-all approach that does not work the same for all areas of trucking."

In addition to the double whammy of federal regulations such as HOS and CSA, trucking companies are grappling with inconsistent state regulations that impact industry's ability to efficiently and cost-effectively engage in interstate commerce. For example, varying emissions standards — notably those enforced by the California Air Resources Board — place added burdens on shippers and carriers to be compliant. In some instances, every party in the chain of custody — from shipper to intermediary to carrier — is held accountable when a violation occurs.

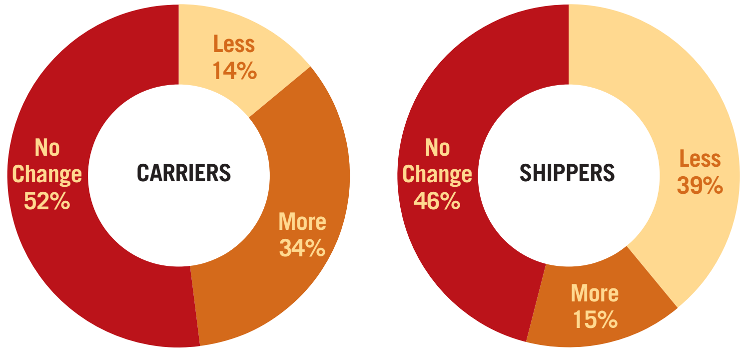
Apart from complying with these myriad policy changes, the most difficult challenge carriers face is educating their customers

about potential impacts. Trying to get shippers to share in regulatory costs, when rates and fuel surcharges are increasing, can be a difficult conversation. In time, that consideration may likely be non-negotiable.

The Greater Bond?

As the economy fluctuates, and available capacity ebbs and flows, freight brokers have carved out an important niche within the over-the-road transportation industry. The dynamic relationships among shippers, carriers, and agents play an important role in how product moves.

FIGURE 5 **Does the freight brokerage industry need more regulation or less?**



Shipper views toward brokers are about as fickle as consumer spending. Intermediaries provide flexibility; they allow companies the latitude to rate shop when the market is soft, and access capacity when demand grows. Carriers, too, have found utility in working with brokers to procure loads and optimize asset utilization beyond what their internal sales teams can do.

2012 brought a noticeable change as shipper allegiance toward carriers began to grow. That trend continues in 2013. Fifty-two percent of surveyed shippers say they value carrier partners more than brokers — compared to 38 percent last year. Of note, 18 percent prefer brokers (19 percent in 2012); and 30 percent hold both brokers and carriers in similar esteem (43 percent) in 2012.

The data suggests shippers that have traditionally forged strong partnerships with brokers continue to do so — but those on the fence have sidled toward carriers.

The specter of a driver shortage and capacity crunch has compelled many shippers to secure core carrier partnerships for the long haul. Trucking companies, in turn, have been aggressive in their sales tactics. Customers that have wavered or waged price wars with carriers when the market was fluid are destined to come up empty when they need capacity most. That's reality.

But brokers are evolving their own value propositions to be more competitive. Many provide transportation and logistics execution capabilities beyond the transactional model. The growing importance of brokers has also exposed the industry to greater oversight. The 2012 surface transportation bill increased the freight agent surety bond requirement from $10,000 to $75,000 in an effort to curb fraudulent activity.

Most shippers (46 percent) and trucking companies (52 percent) say the regulations now in force are sufficient (*see Figure 5*). But this year, 39 percent of shippers say there should be fewer restrictions (compared to 27 percent in 2012), while 34 percent of trucking companies contend brokers need more regulation — following last year's data.

Echoes of discontent are sounding among some in the trucking industry who feel brokers should be held to the same standards as carriers. The threat of further regulation stirs an interesting debate between shippers and carriers.

Shippers tend to see regulation as added procedural touches and time — and, therefore, increased costs. "The rules are already becoming too restrictive, without truly improving and adding value to the industry," says one shipper respondent.

Carrier reactions are expectedly contrarian. "A lot of one-sided brokerage operations take advantage of smaller, entrepreneurial operators or carriers — especially on contractual issues such as waivers of subrogation and accessorial payment obligations," explains a carrier respondent.

Some suggest that brokers should have to renew authority annually, and meet the same insurance requirements as carriers; that brokers and carriers should compete on a level playing field.

The increased surety bond will force out smaller players, creating less competition and consolidating brokerage power and control — a reality that begs for more guidelines, according to a carrier respondent.

There's also the matter of CSA, and whether freight agents are properly vetting trucking companies, working through less-reputable operators, or double-brokering loads. Carriers fear brokers wield too much power, dictate shipper behavior, and control capacity when they are looking to fill empty miles. They also see brokers as direct adversaries. Nearly 90 percent of surveyed carriers have their own brokerage divisions.

For shippers, the tension between carriers and brokers only creates more competitive options. And as options become less clear, they will have to rely on a combination of assets and partner resources to move product.

2013 Top 100 Truckers

Inbound Logistics' annual Top 100 Truckers directory brings *Trucking Perspectives* full circle with an in-depth guide to carriers that match the diverse needs of the shipping community. *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. This guide serves as a benchmark for the types of services transportation buyers value when looking for new partners or evaluating current ones.

The Top 100 Truckers list offers a snapshot of the motor freight segment, including large truckload 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 Truckers* directory provide a comprehensive guide to help you find partners that will put your company in the driver's seat.


| US Truckload | Canadian Truckload | Cross-Border Truckload | Refrigerated Truckload | Flatbed Truckload |
| Less-Than-Truckload | Intermodal | Expedited & Specialized | Freight Management |
KEEPING
YOUR BUSINESS
MOVING
FLS TRANSPORTATION
FLS US
US TRUCKLOAD
FLS CN
CANADIAN TRUCKLOAD
FLS XB
CROSS BORDER TRUCKLOAD
FLS RF
REFRIGERATED TRUCKLOAD
FLS FB
FLATBED TRUCKLOAD
FLS LT
LESS THAN TRUCKLOAD (LTL)
FLS IM
INTERMODAL
FLS ES
EXPEDITED & SPECIALIZED
FLS FM
FREIGHT MANAGEMENT
FLS TRANSPORTATION
WWW.FLSTRANSPORT.COM
800.739.0939
RECEIVE FREE NO OBLIGATION GUIDANCE AND ADVICE
www.inboundlogistics.com/3pl

TOP 100 2013 TRUCKERS

COMPANY	URL	PHONE	TRACTOR & VAN FLEET SIZE	TRAILER FLEET SIZE	NUMBER OF DRIVERS (INCLUDING OWNER OPERATORS)	UNION STATUS	PUBLIC OR PRIVATE	AREAS SERVED/ OPERATING AREAS: GLOBAL SERVICES	NORTH AMERICA	U.S. ONLY	NATIONWIDE (48 STATES)	REGIONAL/MULTI-REGIONAL
A. Duie Pyle	aduiepyle.com	800-523-5250	767	1,930	922	N	PRIV	●	●			
A&R Logistics	artransport.com	815-941-6556	750	1,100	750	N	PRIV	●	●			
AAA Cooper Transportation	aaacooper.com	334-793-2284	2,500	6,400	3,400	N	PRIV	●	●			
ABF	abf.com	877-223-0000	3,700	20,000	5,500	U	PUB	●	●			
All State Express	allstateexpress.com	877-742-5875	250	125	300	N	PRIV		●			
Anderson Trucking Service	atsinc.com	800-328-2316	1,310	3,925	1,100	N	PRIV	●	●			
Averitt Express	averittexpress.com	800-283-7488	3,923	11,625	DNR	N	PRIV	●	●			
Bennett International Group	bennettig.com	770-957-1866	1,305	1,152	2,222	N	PRIV	●	●			
Bilkays Express	bilkays.com	908-289-2400	14	30	DNR	U	PRIV			●		●
Bison Transport	bisontransport.com	800-462-4766	1,250	3,500	1,667	N	PRIV		●			
Boyd Companies	boydbros.com	334-775-1400	1,360	1,900	1,450	N	PRIV		●			
Brown Trucking Company	brownintegratedlogistics.com	336-362-0799	5,800	4,800	1,000	N	PRIV			●		●
C.R. England	crengland.com	888-725-3737	4,567	6,964	6,750	B	PRIV	●	●			
Cardinal Logistics Management Corporation	cardlog.com	704-786-6125	4,300	9,000	4,700	N	PRIV			●	●	
Cargo Transporters	cargotransporters.com	828-459-3232	2,100	1,600	550	N	PRIV			●	●	●
Carlile Transportation Systems	carlile.biz	907-276-7797	350	1,500	375	N	PRIV	●	●			
Celadon Group	celadontrucking.com	317-972-7000	3,000	8,700	2,900	N	PUB		●			
Central Freight Lines	centralfreight.com	800-782-5036	1,632	8,723	DNR	N	PRIV			●		●
Central States Trucking	cstruck.com	630-595-9876	350	300	325	B	PRIV			●		●
CEVA Logistics	cevalogistics.com	832-348-4500	3,413	3,413	2,450	B	PRIV	●	●			

RUCKERS

KEY TO ABBREVIATIONS

U	Union
N	Non-union
B	Both union and non-union
DNR	Did not report

AREAS OF SPECIALIZATION										TRUCKING SERVICES															CERTIFICATIONS								
AGRICULTURE	AUTOMOTIVE	CHEMICALS	CONSTRUCTION & BLDG. MAT'LS.	FOOD & BEVERAGE	FREIGHT ALL KINDS	FURNITURE	RETAIL	VALUABLES	OIL & GAS	LTL	TL	PACKAGE	EXPEDITED	LOGISTICS SERVICES	DEDICATED CONTRACT CARRIAGE	FLATBED	INTERMODAL	HOUSEHOLD GOODS	BULK	MOTOR VEHICLE CARRIER	REFRIGERATED	TANK CAR	WHITE GLOVE	FINAL MILE	C-TPAT	ACC RESPONSIBLE CARE	FREE AND SECURE TRADE (FAST)	HAZMAT	ISO	LEAN	PARTNERS IN PROTECTION (PIP)	SIX SIGMA	SMARTWAY
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Information supplied by trucking companies. * Did not provide data; historical and Web site information was used.

TOP 100 2013 TRUCKERS

COMPANY	URL	PHONE	TRACTOR & VAN FLEET SIZE	TRAILER FLEET SIZE	NUMBER OF DRIVERS (INCLUDING OWNER OPERATORS)	UNION STATUS	PUBLIC OR PRIVATE	AREAS SERVED/ OPERATING AREAS: GLOBAL SERVICES	NORTH AMERICA	U.S. ONLY	NATIONWIDE (48 STATES)	REGIONAL/MULTI-REGIONAL
Challenger	challenger.com	800-265-6358	1,500	3,300	1,421	N	PRIV	●	●			
Con-way Freight	con-way.com/en/freight	734-994-6600	9,100	26,000	14,000	N	PUB		●			
Con-way Truckload	con-way.com/en/truckload	417-623-5229	2,700	8,080	2,948	N	PUB		●			
Continental Expedited Services	shipces.com	956-231-0310	75	50	65	N	PRIV		●			
Covenant Transport	covenanttransport.com	423-463-3266	1,400	4,000	2,100	N	PUB		●			
Crete Carrier Corp.	cretecarrier.com	402-475-9521	5,000	13,000	5,000	N	PRIV			●	●	
CRST International	crst.com	319-390-2627	4,500	7,580	6,600	N	PRIV		●			
Daily Express	dailyexp.com	800-735-3136	300	550	300	N	PRIV		●			
Dart Transit Company	dart.net	800-366-9000	2,012	7,034	2,012	N	PRIV		●			
Daylight Transport	dylt.com	310-507-8196	500	100	180	N	PRIV			●	●	
Dayton Freight Lines	daytonfreight.com	937-264-4060	1,167	2,750	1,428	N	PRIV			●		●
Epes Transport System	epestransport.com	336-931-9792	1,150	4,000	1,250	N	PRIV			●		●
Erb Group of Companies	erbgroup.com	800-665-2653	875	1,200	900	N	PRIV		●			
Estes Express Lines	estes-express.com	804-353-1900	6,771	24,135	6,698	N	PRIV	●	●			
Evans Network of Companies	evansdelivery.com	800-666-7885	1,800	575	1,800	N	PRIV			●	●	
Express-1	express-1.com	803-818-1961	448	128	577	N	PUB	●	●			
FedEx Custom Critical	customcritical.fedex.com	800-762-3787	1,400	300	2,500	N	PUB	●	●			
***FedEx Freight**	fedex.com	870-741-9000	14,400	43,526	18,000	N	PUB		●			
***FedEx Ground**	fedex.com	800-463-3369	30,000	13,000	34,000	N	PUB			●	●	
***FFE Transportation Services**	ffeinc.com	800-569-9200	1,850	DNR	2,000	N	PUB	●				

RUCKERS

KEY TO ABBREVIATIONS

U	Union
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DNR	Did not report

AREAS OF SPECIALIZATION										TRUCKING SERVICES															CERTIFICATIONS								
AGRICULTURE	AUTOMOTIVE	CHEMICALS	CONSTRUCTION & BLDG. MAT'LS.	FOOD & BEVERAGE	FREIGHT ALL KINDS	FURNITURE	RETAIL	VALUABLES	OIL & GAS	LTL	TL	PACKAGE	EXPEDITED	LOGISTICS SERVICES	DEDICATED CONTRACT CARRIAGE	FLATBED	INTERMODAL	HOUSEHOLD GOODS	BULK	MOTOR VEHICLE CARRIER	REFRIGERATED	TANK CAR	WHITE GLOVE	FINAL MILE	C-TPAT	ACC RESPONSIBLE CARE	FREE AND SECURE TRADE (FAST)	HAZMAT	ISO	LEAN	PARTNERS IN PROTECTION (PIP)	SIX SIGMA	SMARTWAY
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TOP 100 2013 TRUCKERS

COMPANY	URL	PHONE	TRACTOR & VAN FLEET SIZE	TRAILER FLEET SIZE	NUMBER OF DRIVERS (INCLUDING OWNER OPERATORS)	UNION STATUS	PUBLIC OR PRIVATE	AREAS SERVED/ OPERATING AREAS: GLOBAL SERVICES	NORTH AMERICA	U.S. ONLY	NATIONWIDE (48 STATES)	REGIONAL/MULTI-REGIONAL
FLS Transport	flstransport.com	514-739-0939	120	225	130	N	PRIV		●			
Gale Triangle	performanceteam.net	562-345-2200	624	807	746	U	PRIV	●		●	●	●
Gordon Trucking	gordontrucking.com	800-426-6010	2,015	6,600	2,100	N	PRIV		●			
Groendyke Transport	groendyke.com	800-843-2103	1,048	1,723	1,400	N	PRIV		●			
***Heartland Express**	heartlandexpress.com	800-451-4621	DNR	DNR	DNR	N	PUB			●	●	●
Highland Transport	highlandtransport.com	905-513-2014	810	35	275	B	PUB		●			
Holland	hollandregional.com	866-465-5263	5,415	6,155	5,378	U	PUB		●			
***Interstate Distributor Co.**	intd.com	253-537-9455	1,655	6,200	1,780	N	PRIV		●			
J.B. Hunt Transport	jbhunt.com	800-452-4868	9,160	81,364	12,436	N	PUB		●			
Kenan Advantage Group	kaglogistics.com	877-203-3283	6,000	8,000	6,200	N	PRIV		●			
KLLM Transport Services	kllm.com	800-925-1000	2,400	3,400	2,400	N	PRIV		●			
Knight Transportation	knighttrans.com	800-489-2000	4,000	8,000	4,500	N	PUB		●			
Lakeville Motor Express	lakevillemotor.com	701-318-4448	265	1,092	290	B	PRIV	●	●			
Landstar System	landstar.com	877-696-4507	8,523	12,967	8,523	N	PUB	●	●			
Lynden Transport	lynden.com/ltia	800-327-9390	534	1,507	275	B	PRIV	●	●			
MacKinnon Transport	mackinnontransport.com	800-265-9394	240	165	75	N	PRIV		●			
Marten Transport	marten.com	715-926-4216	2,310	4,111	2,350	N	PUB		●			
****Material Delivery Service**	schillicorp.com	205-358-1514	210	350	200	N	PRIV		●			
May Trucking Company	maytrucking.com	503-393-7030	1,050	2,400	1,200	N	PRIV			●	●	
Melton Truck Lines	meltontruck.com	918-234-8000	1,078	1,798	1,078	N	PRIV		●			

TRUCKERS

KEY TO ABBREVIATIONS

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N	Non-union
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DNR	Did not report

AREAS OF SPECIALIZATION										TRUCKING SERVICES															CERTIFICATIONS								
AGRICULTURE	AUTOMOTIVE	CHEMICALS	CONSTRUCTION & BLDG. MAT'LS.	FOOD & BEVERAGE	FREIGHT ALL KINDS	FURNITURE	RETAIL	VALUABLES	OIL & GAS	LTL	TL	PACKAGE	EXPEDITED	LOGISTICS SERVICES	DEDICATED CONTRACT CARRIAGE	FLATBED	INTERMODAL	HOUSEHOLD GOODS	BULK	MOTOR VEHICLE CARRIER	REFRIGERATED	TANK CAR	WHITE GLOVE	FINAL MILE	C-TPAT	ACC RESPONSIBLE CARE	FREE AND SECURE TRADE (FAST)	HAZMAT	ISO	LEAN	PARTNERS IN PROTECTION (PIP)	SIX SIGMA	SMARTWAY
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TOP 100 2013 TRUCKERS

COMPANY	URL	PHONE	TRACTOR & VAN FLEET SIZE	TRAILER FLEET SIZE	NUMBER OF DRIVERS (INCLUDING OWNER OPERATORS)	UNION STATUS	PUBLIC OR PRIVATE	AREAS SERVED/ OPERATING AREAS: GLOBAL SERVICES	NORTH AMERICA	U.S. ONLY	NATIONWIDE (48 STATES)	REGIONAL/MULTI-REGIONAL
Mercer Transportation	mercer-trans.com	502-584-2301	2,200	2,400	2,200	N	PRIV	●	●			
Miller Transporters	millert.com	601-709-5901	1,425	996	408	B	PRIV		●			
National Retail Systems (NRS)–Keystone Freight	nationalretailsystems.com	877-345-4677	900	6,500	900	B	PRIV	●	●			
New Century Transportation	nctrans.com	877-870-4031	900	1,900	1,000	N	PRIV		●			
New England Motor Freight	nemf.com	908-965-0100	1,545	5,675	1,532	B	PRIV		●			
New Penn	newpenn.com	800-285-5000	850	1,700	1,288	U	PUB	●	●			
NFI	nfiindustries.com	877-634-3777	2,000	7,000	2,770	N	PRIV	●	●			
Nussbaum Transportation Services	nussbaum.com	309-319-9275	225	500	225	N	PRIV			●	●	
Oak Harbor Freight Lines	oakh.com	253-288-8300	2,030	1,600	475	B	PRIV			●		●
Old Dominion Freight Line	odfl.com	800-432-6335	24,380	6,200	7,871	N	PUB	●	●			
Panther Expedited Services	pantherexpedite.com	800-685-0657	1,000	500	1,800	N	PUB	●	●			
Paschall Truck Lines	ptl-inc.com	800-626-3374	1,150	3,000	1,200	N	PRIV		●			
Penske Logistics	penskelogistics.com	800-529-6531	2,080	2,880	2,900	B	PRIV	●	●			
PITT OHIO	pittohio.com	412-232-3015	1,490	3,015	1,619	N	PRIV	●		●		●
Prime Inc.	primeinc.com	800-848-4560	5,650	9,040	6,200	N	PRIV		●			
***R+L Carriers**	gorlc.com	800-543-5589	13,000	DNR	DNR	N	PRIV	●				
Reddaway	reddawayregional.com	888-420-8960	1,550	5,000	1,634	B	PUB		●			
Roehl Transport	roehl.net	800-826-8367	1,990	5,007	2,000	N	PRIV		●			
Ruan Transportation Management Systems	ruan.com	866-782-6669	3,951	7,505	4,116	B	PRIV	●	●			
Ryder	ryder.com	888-887-9337	3,729	6,282	5,570	B	PUB	●	●			

RUCKERS

KEY TO ABBREVIATIONS

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N	Non-union
B	Both union and non-union
DNR	Did not report

	AREAS OF SPECIALIZATION										TRUCKING SERVICES															CERTIFICATIONS								
	AGRICULTURE	AUTOMOTIVE	CHEMICALS	CONSTRUCTION & BLDG. MAT'LS.	FOOD & BEVERAGE	FREIGHT ALL KINDS	FURNITURE	RETAIL	VALUABLES	OIL & GAS	LTL	TL	PACKAGE	EXPEDITED	LOGISTICS SERVICES	DEDICATED CONTRACT CARRIAGE	FLATBED	INTERMODAL	HOUSEHOLD GOODS	BULK	MOTOR VEHICLE CARRIER	REFRIGERATED	TANK CAR	WHITE GLOVE	FINAL MILE	C-TPAT	ACC RESPONSIBLE CARE	FREE AND SECURE TRADE (FAST)	HAZMAT	ISO	LEAN	PARTNERS IN PROTECTION (PIP)	SIX SIGMA	SMARTWAY
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TOP 100 2013 TRUCKERS

COMPANY	URL	PHONE	TRACTOR & VAN FLEET SIZE	TRAILER FLEET SIZE	NUMBER OF DRIVERS (INCLUDING OWNER OPERATORS)	UNION STATUS	PUBLIC OR PRIVATE	AREAS SERVED/ OPERATING AREAS: GLOBAL SERVICES	NORTH AMERICA	U.S. ONLY	NATIONWIDE (48 STATES)	REGIONAL/MULTI-REGIONAL
Saia LTL Freight	saia.com	800-765-7242	3,600	11,000	4,325	N	PUB			●		●
Schneider National	schneider.com	800-558-6767	9,700	30,600	13,100	B	PRIV	●	●			
Southeastern Freight Lines	sefl.com	803-794-7300	7,794	8,223	3,660	N	PRIV	●		●		●
Standard Forwarding	standardforwarding.com	309-751-0251	1,050	700	450	U	PUB			●		●
Swift Transportation	swifttrans.com	602-477-7146	16,200	60,800	17,000	N	PUB		●			
System Freight	systemfreight.net	609-395-8600	300	1,700	325	B	PRIV		●			
Transport Corporation of America	transportamerica.com	651-688-2500	1,919	4,516	1,690	N	PRIV		●			
Trimac Transportation	trimac.com	502-284-8049	2,137	4,871	2,442	B	PRIV		●			
U.S. Xpress Enterprises	usxpress.com	423-510-3618	6,000	16,750	6,640	N	PRIV		●			
UniGroup	unigroup.com	636-305-4294	6,850	6,000	6,400	N	PRIV	●	●			
Universal Truckload Services	goutsi.com	586-467-1457	4,181	6,308	4,025	B	PUB	●	●			
UPS Freight	ltl.upsfreight.com	800-333-7400	5,919	20,021	8,691	B	PUB		●		●	
USA Truck	usa-truck.com	800-643-2530	2,361	6,082	2,100	N	PUB	●	●			
Vitran Corporation	vitran.com	416-798-4965	2,556	7,221	3,021	N	PUB		●			
Ward Transport & Logistics Corporation	wardtlc.com	800-458-3625	480	850	697	N	PRIV	●	●			
Werner Enterprises	werner.com	800-228-2240	7,300	22,000	9,025	N	PUB	●	●			
Western Express	westernexp.com	615-259-9920	2,440	5,700	2,500	N	PRIV		●			
Wilson Trucking Corporation	wilsontrucking.com	540-949-3200	849	1,786	901	N	PRIV	●		●		●
WSE Transportation	willisshaw.com	479-248-2304	300	800	315	N	PRIV			●	●	●
YRC Freight	yrcfreight.com	800-610-6500	8,500	35,000	10,000	U	PUB		●			

RUCKERS

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AREAS OF SPECIALIZATION										TRUCKING SERVICES															CERTIFICATIONS								
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One key step to finding answers to any logistics, supply chain, or technology challenge is knowing the right questions to ask.

Inbound Logistics assembled a team of supply chain and logistics technology leaders, and asked for their perspectives on the important logistics challenges and opportunities impacting your business.

More importantly, these logistics thought leaders can give you guidance when considering improvements to your business processes.

THOUGHT LEADERS

Using In-Truck Technology to Cut Costs

Q: What cost factor should shippers prioritize during carrier selection?

A: Invoice price is often the driving factor in carrier selection—which is logical, because everyone operates with very thin margins. But that may be flawed thinking. Instead, consider the total cost of utilizing a carrier. For example, administrative costs are a large part of internal costs, but they can be mitigated using technology.

Q: What types of technology can help achieve these results?

A: Electronic data interchange and XML technology can allow seamless data integration among supply chain partners, resulting in significant processing cost reductions. Real-time status updates reduce or eliminate the need to check on loads via phone or email.

Better yet, exception reporting—where notifications are sent when operations fall outside normal parameters—can mean a quicker response to issues.

Technology can help lower administrative costs—and, in turn, cut overall costs. And exception reporting means less time spent checking routine shipments, and more time available to respond to the inevitable issues.

Q: How will Automatic Onboard Recording Devices (AOBRD) impact the drayage business?

A: While common for large, over-the-road carriers, AOBRDs are not widely adopted in the drayage business. Hours-of-Service rules play a less important role for drayage than for trucking in general, so the overall impact will likely not be significant in terms of capacity. But it will represent a significant expense that may be challenging for some carriers.

On the other hand, it will also present an opportunity to use the technology to improve operations. Geofencing and exception reporting can allow dispatchers to more easily track shipments and respond to service issues. GPS tracking will reduce carrier liability for International Registration Plan and International Fuel Tax Agreement audits. So while carriers will incur additional costs, they can also benefit.

Q: What would you like to see when the rules pertaining to AOBRDs are published?

A: It would be hugely beneficial if the rules specified a standard format for data from all providers. Independent contractors play a major role in trucking, and making the systems device-agnostic would allow independent contractors (ICs) to retain their units as they move from one carrier to the next. The truck owner—not the carrier—would own the AOBRD. They would have to address some costs, but overall costs would be lower, because there would be no installation and removal costs as ICs move from carrier to carrier.

The Evans Network of Companies | 570-385-9048 ext. 3066
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CHRIS GILTZ
Senior Vice President of Operations
The Evans Network of Companies

Technology Supports 3PL-Carrier Partnerships

Q: How has technology enhanced the relationship between third-party logistics (3PL) providers and carriers?

A: The term "shuttle diplomacy" typically describes foreign negotiations between governments and political entities across great divides. Technology has served the same role in the transportation industry, particularly in strengthening partnerships between 3PLs and carriers.

In the past, carriers and brokers tended to work in separate silos, holding their cards close to their vests when it came to sharing information. Today, technology has allowed us to break down those barriers, and improve communication in productive and positive ways.

Freight management software is one of the brightest stars leading this trend. It has allowed 3PLs and carriers to lower shippers' costs by up to 15 percent — and still create a win-win-win outcome. How? The answer gets back to shuttle diplomacy.

Consider the example of a shipper who deploys a fleet of trucks to deliver 10 different loads to customers in multiple locations. On the return trip, five of those trucks get back on the road shortly after making their deliveries, fully loaded with new shipments. Unfortunately, the other five are burning money waiting to coordinate backhauls – perhaps due to insufficient demand on the other end, or possibly a carrier who is traveling a new and unfamiliar lane. If this cycle repeats week after week, the shipper may receive a sticker shock at the end of the year.

GREG SYFAN
President
Syfan Logistics

Powered by the Internet, transportation software can analyze the traffic patterns of thousands of carriers to pinpoint the ones that are best suited for specific lanes. Bid offers are then distributed and processed electronically to the most qualified carriers.

Here's the win-win-win: Shippers typically get more competitive pricing, greater reliability, and better service. Carriers reduce their operational costs with more regular runs. And 3PLs grow overall sales volume with oversight of even more loads through stronger relationships with both carriers and shippers.

Freight management systems also provide greater efficiencies in mode selection, so businesses are not wasting the space of a full truckload with a less-than-truckload shipment, or vice versa. Furthermore, companies

are able to be proactive — rather than reactive — in sharpening the efficiencies of their daily transportation operations.

The bottom line: Today's transportation technology provides better control results throughout each step of the transportation process — with the greatest rewards being shared by all. That is the ultimate shuttle diplomacy.

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The Benefits of an Integrated Transportation Solution

Q: What market trends are compelling shippers to reconsider their transportation management strategy?

A: For one, a capacity shortage is happening. Shippers are also pressed by equipment investment and maintenance, transportation regulations, and the costs incurred trying to recruit and retain qualified drivers. As a result, some private-fleet owners are questioning that model. Should transportation be a core business?

Coming out of the recession, shippers and carriers "right-sized" their fleets to match demand. Now, as freight volumes are picking up, the industry is jockeying for coverage. Private-fleet shippers need to make a decision about how to ramp up capacity.

Some are hesitant about sinking capital into new equipment or expanding their fleets. Moreover, relying entirely on common carriers or the spot market may not meet requisite requirements. Instead, some are considering an integrated transportation approach.

Q: How does an integrated transportation solution work?

A: The idea is to look across the network, at all the different transportation options available, and find an optimal blend that best serves a shipper's unique needs. For example, a company can leverage a base dedicated fleet operation to manage lanes or customers that require a higher level of service, then use core carriers or brokers to fill gaps and accommodate seasonal spikes or exceptions.

A dedicated solution adds a layer to existing transportation solutions, providing shippers with greater coverage and flexibility to scale assets to need. A dedicated solution provides shippers with the reliability, customer service, and control they'd expect from a private fleet.

Capacity is rarely static, however. Companies need to account for changes in demand across their network to achieve greater productivity and economy. With an integrated solution, they can look at how to better optimize LTL to TL moves, or TL to intermodal — identifying gaps and directing transportation solutions to address those needs.

Q: What benefits do shippers stand to gain by using an integrated transportation solution?

A: Given the challenges that shippers face, flexibility is important. An integrated transportation solution forces companies to look at their network in a more holistic and creative way. It also creates a model for continuous improvement by providing all the order data, which can be turned into information that will guide decision-making on optimizing activity across an integrated transportation solution.

Perhaps a shipper is having issues with driver retention or empty miles. Maybe there's an opportunity to work with consignees more collaboratively to consolidate LTL moves to full truckload. Asking these types of questions empowers shippers to optimize in countless ways.

What it comes down to is matching capacity and service requirements to need as efficiently as possible. When you have options, as an integrated transportation model delivers, that task is more easily realized.

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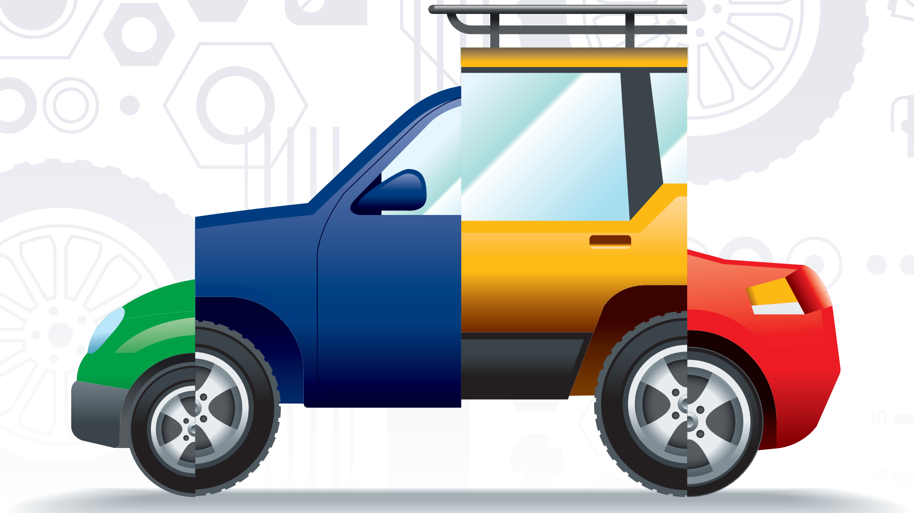
THE NUTS AND BOLTS OF THE AUTOMOTIVE AFTERMARKET SUPPLY CHAIN

Whether it's time for a tune-up, a vehicle won't start, or a teenager just wants to pimp his ride, auto aftermarket supply chains are geared up to deliver the parts and accessories that keep drivers on the road.



By Merrill Douglas

FROM THE BULB YOU POP IN TO FIX A BRAKE LIGHT, TO THE NEW TRANSMISSION that costs hundreds to install, the automotive aftermarket encompasses a staggering variety of products—small and large, simple and complex.

This industry includes any product you might buy for a light-, medium-, or heavy-duty vehicle after the original sale, according to the Automotive Aftermarket Industry Association (AAIA). That includes replacement parts, accessories, lubricants, products to improve appearance, tires, and tools and equipment for making repairs. Together with attendant services, auto aftermarket products represented $307.7 billion in sales in 2012.

The supply chain for auto aftermarket products involves several sales models. Some retailers sell auto parts primarily to consumers who work on their own cars. Others sell mainly to professional service stations. And automotive original equipment manufacturers (OEMs)—the companies that make cars and trucks—have developed networks of their own to distribute their branded parts to dealership service departments.

One recent industry trend partially merges two of those models—the one for selling to do-it-yourselfers (DIY) and the one for selling to service stations.

Fortna, a consulting and engineering firm based in Reading, Pa., serves several companies in the automotive aftermarket, including manufacturers such as Federal Mogul and retailers such as O'Reilly Auto Parts and Advance Auto Parts. O'Reilly has a history of selling to both the DIY and the "do it for me" markets, while other large aftermarket retailers have mainly pursued consumers.

But that picture has been changing. "Retailers are all trying to get a piece of the wholesale professional installer market, because it's a way of helping them grow their top lines," says John Giangrande, Fortna's automotive aftermarket industry leader.

More Than a Few SKUs

Another trend is the proliferation of stockkeeping units (SKUs). With more auto models on the market, and new technologies such as gas/electric hybrids driving a need for new kinds of replacement parts, the number of distinct items retailers carry has grown tremendously.

As more retailers sell to professional installers, that SKU proliferation poses a serious supply chain challenge. "Professional installers need a wide array of application hard parts," says Giangrande.

And mechanics who order a part usually need it fast, to keep cars turning over in the repair bays. "If a store is not carrying what they need, the mechanics will call that retailer first only so many times," he adds.

A retailer that sells mainly to consumers might have 60,000 to 90,000 SKUs in its supply chain, while a business serving the commercial market might have more than 125,000. Some of those SKUs turn over fast, while others move only once or twice per year. Keeping the right parts in stock—and getting them to professional customers quickly—is a difficult task.

To better serve the pros, some retail stores expand their back rooms to create stocking locations for local deliveries. Other retailers build hub-and-spoke networks, with a "super-hub" store that stocks slower-moving parts and, on demand, speeds them to nearby customers. To fill demand for the slowest-moving parts, some retailers ship from distribution centers or source directly from the manufacturer, reasoning that competitors can't get those products to customers any faster than they can.

Serving the Dealers

Service departments within dealerships rely heavily on distribution networks set up by automakers. In the United States, OEM-branded aftermarket parts—made domestically or abroad—flow into regional distribution centers (RDCs) owned and operated by OEMs. The RDCs supply products to a network of parts distribution centers (PDCs), which the automaker usually owns and operates as well.

As dealerships place orders for parts, PDC employees pick the product and prepare it for shipment in conveyances known as cages, sorted by dealers. Then a transportation provider sends route drivers to pick up the parts and deliver them to dealerships throughout the area.

"We deliver those parts in the middle of the night; we have keys to open the dealerships," says Charles Roth, business development director at CEVA Logistics, a third-party logistics provider based in Jacksonville, Fla. "When the dealerships open in the morning, they've got their parts."

Dealers must place their orders by an established cutoff time to receive next-day delivery, and they've been pressuring OEMs to set those cutoffs later.

WHERE THE RUBBER MEETS THE ROAD

Although automotive tires are clearly aftermarket products, they are often treated as a separate category, and most auto aftermarket retailers don't sell them. "Approximately 60 percent of the tire market is served by independent tire dealerships," says John Giangrande, automotive aftermarket industry leader at consulting firm Fortna, Reading, Pa.

Tires require special accommodations in the supply chain. "They generally have to be handled individually," says Mark Kunar, president of automotive, engineering, and manufacturing at Exel Americas, a 3PL based in Westerville, Ohio. On delivery, the driver lifts each tire off the floor of the truck and unloads it by hand.

Warehouses store tires in movable racks, stacked four or five high. And because of the product's size, tire storage demands a great deal of space. "It's not uncommon for a manufacturer to have multiple 500,000- to one-million-square-foot warehouses around the country," Kunar says.

To maintain efficiencies, manufacturers or logistics partners such as Exel must carefully match putaway locations to product velocity. "If the product is put in the wrong place in the warehouse, workers have to travel a long time to get it," he notes.

Putting the right tires in the right place requires careful customer data analysis. "Warehouse managers must consider the most recent demand, and talk to customers about whether it represents expected demand," Kunar says.

Although some auto aftermarket parts vendors are starting to put product into 3PL warehouses they share with vendors of other commodities, tire storage will probably remain a standalone operation. "Tires don't mix well with other products," Kunar says. "They have a particular smell. When you walk into a tire warehouse, you know you're in a tire warehouse."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"Dealers and OEMs want to ensure they don't have dissatisfied customers, and that customers are not waiting longer than they need to," says Jim Barnett, CEVA's vice president of automotive business development. "They're looking to take every bit of waste out of the replenishment chain, to get parts to customers faster."

OEMs try to accommodate dealers' needs with fast, easy service to keep them from turning to alternative sources for parts. "A lot of local auto parts companies approach dealers and ask for their business," Barnett says. And if they're better able to serve, they'll get that business.

At the same time, OEMs are encouraging dealers to order parts just for their immediate needs, to keep from accumulating stock they might have to return if they don't use it.

Whether they sell to consumers, dealerships, or independent service stations, aftermarket suppliers come under pressure to reduce costs. That's prompting some to consider a strategy that hasn't appealed to them in the past: sharing space with other shippers on trucks or in warehouses.

ROUSH REVS UP

Want to supercharge your Mustang? Need new leather seats for your F-150? Roush Performance has what you need.

Roush Performance is a business unit of engineering, development, and manufacturing services firm Roush Enterprises. It sells aftermarket parts for Ford vehicles, mainly the Mustang, Focus, Taurus, and F-150 models. Roush sells those products through its Web site, and through a network of licensed distributors, including many Ford dealerships.

Roush also sells customized versions of Ford's classic sports car. "We upfit normal Mustangs with our performance parts, and Ford dealers sell them," says Ron Poland, executive director of supply chain at Roush Enterprises.

Roush makes some of its aftermarket parts in Livonia, Mich. It also procures parts from other companies in the United States and abroad – sometimes designing them and outsourcing production, sometimes modifying standard components. All those products flow into Roush warehouses in the Livonia area.

When Poland joined the company in 2011, Roush Performance was using UPS' small-package service to fill its direct-to-customer orders. But for inbound shipments to Livonia, and large outbound shipments to distributors, Roush relied on two third-party logistics (3PL) providers to manage transportation.

"That arrangement didn't make sense," Poland says. Spreading its freight across multiple providers denied Roush the chance to achieve economies of scale. "We're a small-volume niche aftermarket," he adds.

With just a portion of that modest volume going to each service provider, the company lacked the clout needed to negotiate better pricing.

Dealing with two 3PLs also carried extra administrative costs. For example, each service provider had its own method for tracking freight, and its own way of invoicing. Following two different processes created extra work.

Eventually, Roush decided to give all its logistics business – not just for Roush Performance, but for Roush Enterprises as a whole – to one partner. After considering its options, the company chose UPS as its service provider.

Until they sat down to discuss the possibilities, the Roush team didn't realize the full range of logistics services – including shipping automobiles, and air and ocean capabilities – its package carrier could provide.

By consolidating all its shipments with UPS, Roush achieved better freight rates than it could get in the past. "We've seen double-digit improvements in costs," Poland says.

Roush also has benefited from OzLINK, a tool created by a UPS partner that helps customer service representatives quote shipping costs and transit times. In particular, OzLINK has helped provide better service to customers in Canada,

Roush Performance makes a portion of its aftermarket parts, and procures others from U.S. and overseas sources, then stores them all in warehouses in Livonia, Mich.

where Roush is trying to gain market share.

"The tool assists Rousch in providing the landed cost to the customer, so when the product arrives in Canada, it can be delivered without the Canadian customer having to pay duties and taxes at the time of delivery," says Shannan Newsome, enterprise account manager at UPS.

In addition, the new relationship simplifies administration. In the past, for example, reviewing and paying invoices for shipments with two different 3PLs – coming in and out of 23 locations in Livonia alone – took a great deal of effort. "It's easier when you can get one detailed invoice from one service provider," Poland says.

It's also easier to deal with a single point of contact when problems or questions arise. "That's a much more efficient process for both tracking down issues and getting quotes," Poland notes. "It streamlines our business process."


Yale

"In the past, the big automakers would not want their cargo on a truck with another OEM's products," says Barnett. They're still hesitant today, but they will at least consider sharing a truck that a 3PL uses to deliver parts to dealerships.

That's a particularly useful strategy in markets that don't have a dense collection of dealerships—a place such as Reno, Nev., for example.

"Most shippers have only one-third or one-quarter of a truckload going to Reno," Roth says. "So it becomes expensive to service those dealers." If a 3PL can fill the truck with product from more than one automaker, each shipper gains a cost advantage.

That kind of collaboration works for shipments to auto parts stores, as well. Consider a supplier that needs to deliver to 3,000 NAPA Auto Parts stores and 2,000

A BETTER BOX FOR GLASS

What's so hard about shipping replacement glass for cars and trucks? Picture the front windshields on a Volkswagen Beetle, a Ford Econoline van, and a Camaro. What pallets would you use to load multiples of all three of those products onto a trailer with maximum efficiency, and transport them safely?

That's the question Safelite Group asked several years ago as it sought ways to get better use from trailers that transported windshields for the company's retail and wholesale businesses.

Safelite sells replacement glass–primarily front windshields. It makes some of that glass itself, and buys some from suppliers located around the world. In the past, Safelite had suppliers ship directly to its network of warehouses across the United States. But in a drive to become more efficient, the company started directing all inbound shipments to its regional distribution centers in Ontario, Calif., and Brazelton, Ga.

One reason for this change was to gain better control over packaging and truck utilization in the distribution network. "Every supplier we buy from has its own unique packaging," says Dino Lanno, senior vice president, supply chain at Safelite in Columbus, Ohio. "There's no consolidation or standardization."

Auto glass manufacturer and distributor Safelite Group designed a collapsible steel pallet that allows it to move more windshields per pallet, while eliminating dunnage.

Even when it took over transportation from the DCs to the warehouses, Safelite was using three different pallet designs to accommodate the vast variety of windshields it shipped. Made of wood, the 24-inch deep pallets were based on designs that dated back to the 1970s. They could hold 15 to 25 windshields, depending on the curvature of the glass in a particular product.

Lanno and his team set out to design a pallet that would let them load more windshields into a truck with less protective filling, and transport that glass safely. They also wanted to make the pallets from steel, so Safelite could use them repeatedly.

The first step in designing a new steel pallet was to study how it needed to fit into the logistics operation. "We started looking at the materials handling equipment–the racking that was in our 93 warehouses and two distribution centers," Lanno says.

They considered what they needed to fill an ocean container or a 53-foot trailer efficiently, with as little packaging as possible. They also looked for ways to make the new pallet collapsible, to fit as many empties as they could onto a trailer for the return trip to the DC.

The pallet the team designed is 30 inches deep–tall enough to hold as many as 35 windshields. That was as much expansion as Safelite could accomplish without buying new racking systems to accommodate a bigger pallet. Also, a bigger pallet loaded with more glass would have overtaxed the company's forklifts.

With its new design, Safelite achieved an additional goal: eliminating dunnage–protective filling made of foam or cardboard–inside the pallet.

"A foam sheet between the windshields is the only thing that separates them," Lanno says. "We're proud that we eliminated the expandable polystyrene foam–that white coffee cup material–which has the half life of uranium."

Safelite started rolling out the new pallets in 2012. It will take another two years to entirely replace the old wooden packaging, and for now the company is mixing both types of pallets on its trailers. Even so, Safelite has already improved trailer utilization on backhauls by 10 percent.

The new pallets are also easier to handle in the warehouse, making them popular with workers.

"With the old pallets, we'd have to store bases, sides, and ends strapped together," Lanno says. They were hard to stack, and hard to inventory.

"Now we have one contained unit," he says.

O'Reilly stores. "Another company across town is probably delivering to many of those same places, or to many of the places where distribution centers for those retailers are located," says Kevin Hogan, senior manager of the Global Automotive Center at Ernst & Young, a global financial services firm with U.S. headquarters in New York, N.Y.

Parts suppliers wouldn't have to collaborate with competitors, or even with companies that make different kinds of auto parts. They might share space on trucks with companies in entirely different industries that happen to ship to similar locations.

Collaborate and Save

Hogan and his Ernst & Young colleague Alex Bajorinas presented this idea at the 2013 Vision Conference of the Automotive Aftermarket Suppliers Association in March 2013, noting that this kind of collaboration has caught on among consumer packaged goods manufacturers. "The presentation stimulated a lot of conversation among auto aftermarket suppliers, but few suppliers have embraced the concept," Hogan says.

A quest for savings is also prompting some parts manufacturers to take a collaborative approach to warehousing, according to Mark Kunar, president of automotive, engineering, and manufacturing at Exel Americas, a 3PL based in Westerville, Ohio. Companies used to want whole DCs dedicated to their operations, but today, some ask to share facilities with other Exel customers, allowing them to divide some of the fixed costs.

Finding Ways to Stand Out

In addition to reducing operating costs, many aftermarket parts manufacturers are looking for ways to distinguish themselves in the marketplace. Domestic manufacturers compete with companies in Asia that make inexpensive copies of standard brands. As the quality of those knockoffs improves, U.S. suppliers must give their customers something extra to justify their higher price tags.

Some suppliers meet this challenge with value-added services. One such value-add is category management, which makes the supplier responsible for forecasting demand for its products, maintaining inventory, and pushing supplies to retailers as needed, rather than waiting for retailers to place orders.

"Category management is a value-added service retailers won't get from knockoff parts suppliers in China or Vietnam," Hogan says. "It requires collaboration and trust, so the retailer knows the supplier has the right data and decision-making processes."

The automotive aftermarket is poised to grow even further. In 2012, sales increased 3.5 percent over 2011, according to the AAIA. And the average age of light vehicles on the road in the United States has been increasing steadily over the past decade, reaching a record high of 11.4 years in 2013, reports Polk, a global automotive intelligence firm based in Southfield, Mich.

As people keep their cars and light trucks longer, demand for aftermarket parts will increase, making it more important than ever for vendors in that market to drive smarter supply chain strategies. ■

WMS

BUYER'S GUIDE 2013

Enhance inventory visibility, improve order fulfillment, and automate data collection with these leading warehouse management systems.

	COMPANY	PRODUCT	DESCRIPTION
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.
B	**Accellos** Colorado Springs, Colo. accellos.com 877-805-8388	**AccellosOne Warehouse Management System**	Enables distribution centers to automate pick, pack, and ship processes by leveraging radio frequency (RF) and bar-code technology. Integrates with ERP, accounting, shipping, and order-entry software solutions.
L	**Apriso** Long Beach, Calif. apriso.com 562-951-8000	**FlexNext Warehouse**	Directs people, processes, and equipment, monitoring and reporting all activities from receipt of raw materials through shipment of finished goods.
B	**Argos Software** Fresno, Calif. argosoftware.com 559-227-1000	**Abecas Insight**	Includes accounting, warehouse and freight management, inventory, sales/purchase orders, and service management. Provides secure Web visibility, dashboards, EDI, automated reports, and RF technology.
B	**ASC Software** Dayton, Ohio ascsoftware.com 937-429-1428	**ASCTrac WMS**	Enables end-to-end inventory tracking using real-time RF directed workflows, user-defined views/reports, extensive configurable customer/item rules, and FDA-style lot traceability of manufactured goods.
H	**ASP Global Services** Chatsworth, Calif. spherewms.com 866-887-2972	**SphereWMS**	Manages receiving, shipping, and inventory control activities, including ad hoc reporting and integration to QuickBooks and other systems.
B	**Blue Sky Technologies** Waxhaw, N.C. blueskytech.com 704-256-3099	**Insight**	Provides the ability to measure key indicators, monitor process improvements, and maintain supply with dashboards and scorecards.
B	**Butler Commerce Solutions** Raleigh, N.C. bcafreedom.com 800-729-7950	**WMS for Infiniti**	Supports bar-coding and/or RFID in receiving, putaway, picking, packing, shipping, and transfers for multiple locations. Supports multiple languages and complete container receipt processing using scanning.
B	**Cadre Technologies** Denver, Colo. cadretech.com 866-252-2373	**Cadence WMS**	Manages order fulfillment, warehouse logistics, and multi-carrier shipping for third-party logistics (3PL) and fulfillment companies, e-commerce retailers, and distributors. Integrates critical functions in real time.
B	**Camelot 3PL Software** Charlotte, N.C. 3plsoftware.com 866-3PL-SOFT	**3PLink**	Provides 3PLs with robust operational technology to satisfy multi-tenant inventory management, service billing, EDI, wireless scanning, Web visibility, reporting, and document and freight management.

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	COMPANY	PRODUCT	DESCRIPTION
B	**CorePartners** Frederick, Md. corepartners.com 866-267-3967	**CoreIMS**	Supports small to mid-sized warehouse functions for multiple facilities and locations; pallet, lot/serial, and batch picking; EDI; and scanning. Integrates with QuickBooks and Sage software products. Available 3PL functionality includes ownership and billing.
H	**Daifuku Webb** Farmington Hills, Mich. daifukuwebb.com 248-553-1000	**eWareNavi**	Directs equipment and multiple workers simultaneously; provides warehouse inventory control, flexibility, and visibility. Effective for conventional warehouses, and partially or fully automated distribution facilities.
B	**Datex Corporation** Clearwater, Fla. datexcorp.com 800-933-2839	**FootPrint WMS**	Controls materials movement and storage with ad hoc reporting; activity-based billing; real-time information visibility; lot track and trace; ERP integration; and accounting applications.
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 notices. Manages directed putaway and picking. Provides tools required to build and manage shipments.
B	**Epicor Software** Dublin, Calif. epicor.com 800-999-1809	**Epicor Warehouse Management System**	Offers end-to-end supply chain management capabilities, including customer relationship and financial management, business intelligence, and integrated shipping.
B	**Four Soft** Hauppauge, N.Y. four-soft.com 631-752-7700	**4SeLog**	Supports global warehouse operations, including multi-warehouse and multi-client, on single database and Web-centric system. Extends warehouse to collaborate with suppliers, customers, and transportation providers.
B	**Foxfire Software** Greenville, S.C. foxfiresoftware.com 864-868-5243	**Foxfire WMS**	Automates warehouse business processes such as receiving, putaway, inventory and location management, cycle counting, waving, allocation, multiple picking methods, loading, shipping, and ERP integration.
H	**Gray Peaks** Raleigh, N.C. graypeaks.com 585-451-8609	**WMS On Demand**	Manages regulatory requirements, streamlines warehouse operations, and provides shipment visibility and data.
L	**HAL Systems** Newnan, Ga. halsystems.com 770-927-0700	**HAL WMS**	Identifies and locates products; interfaces with inventory control systems; manages radio frequency terminals, scanners, and bar-code printers.
B	**HighJump Software** Minneapolis, Minn. highjump.com 800-328-3271	**HighJump Warehouse Management System**	Supports receiving, putaway/flow-through, inventory management, order processing, replenishment, pick/pack, loading, and shipping. Provides the ability to build unique workflows.

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	COMPANY	PRODUCT	DESCRIPTION
L	**IBM** Armonk, N.Y. ibm.com 855-221-0982	**Sterling WMS**	Provides complete control and visibility from product receipt through fulfillment; exception-based management; and capabilities for managing value-added service requirements.
L	**Infosite Technologies** Boisbriand, Quebec infositetech.com 888-395-0354	**DM Warehousing**	Supports full rework, repack, restack, movement, putaway, product transfer, and other warehouse operations.
L	**IntelliTrack** Sparks, Md. intellitrack.net 888-583-3008	**IntelliTrack WMS**	Controls cycle counting, kitting, replenishment, space management, and other warehouse operations functions; integrates with wireless technology.
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, real-time inventory visibility.
B	**Int'l. Business Systems** Folsom, Calif. ibs.net 916-985-3900	**IBS Dynaman**	Controls moving and storing materials, and processes the associated transactions, including shipping, receiving, putaway, and picking.
H	**International Data Systems** Chula Vista, Calif. internationaldatasystems.com 877-254-4858	**Velocity WMS**	Manages receiving, putaway, inventory, order fulfillment, and shipping in real time. Features include user-defined fields, reporting services, charges/calculation billing, EDI integration, mobile computing, and bar-code scanning capabilities.
L	**Invata Intralogistics** Conshohocken, Pa. invata.com 860-819-3200	**FastTrak WM+**	Provides real-time warehouse management, and controls product and order flow from dock to customer; optimizes infrastructure, labor, inventory, and transportation.
L	**IQMS** Paso Robles, Calif. iqms.com 866-367-3772	**EnterpriseIQ WMS**	Controls and tracks all incoming and outgoing inventory movements with ERP and EDI integration, directed picking and putaway, work-order staging, wave planning, palletizing, and shipment planning.
L	**JDA Software** Scottsdale, Ariz. jda.com 480-308-3000	**JDA Warehouse Management**	Optimizes the movement of inventory – from raw materials to finished goods – and manages materials handling equipment and labor.
B	**Knighted** Ossining, N.Y. knightedcs.com 914-762-0505	**Vision WMS**	Enables multi cross-channel retail and wholesale distribution, process and automation control, and slotting, including batch, case, pallet, piece, wave, zone. Includes voice-enabled hands-free pick and put-to-light applications.

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	COMPANY	PRODUCT	DESCRIPTION
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. Facilitates warehouse bookings, receiving, transfers, load plans, and manifests; offers global inventory visibility; and processes over, short, and damage exceptions.
H	**Logfire** Atlanta, Ga. logfire.com 678-261-9000	**LogFire WMS**	Manages all warehousing processes and inventory control, including receiving, order fulfillment, shipping, warehouse billing, mobile computing, bar coding, and reporting.
L	**Logility** Atlanta, Ga. logility.com 800-762-5207	**Voyager WarehousePRO**	Allows companies to effectively manage all warehouse activities, including receiving, putaway, crossdocking, wave/batch/zone picking, verification, transfers, replenishments, pick/pack/ship, and container tracking.
B	**Logimax** Jacksonville, Fla. e-logimax.com 855-253-8855	**Logimax**	Offers warehouse automation, repack/assembly, yard management, integrated billing, e-commerce tools, and real-time customer Web access.
B	**Made4net** Paramus, N.J. made4net.com 201-645-4345	**WarehouseExpert**	Improves inventory accuracy, maximizes space utilization, and automates order fulfillment, replenishment, pick and pack, loading, and shipping.
L	**Magaya** 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	**Manhattan Associates Warehouse Mgm't. Solution**	Organizes and optimizes warehouse operations, and transforms warehouse logistics into a critical, strategic supply chain component.
L	**Mincron Software Systems** Houston, Texas mincron.com 800-299-7010	**Warehouse Solution**	Offers capabilities to reduce inventory, fill orders quickly, improve accuracy, prioritize shipments, maximize worker productivity, minimize wasted space, and ensure customer fulfillment.
L	**N'ware Technologies** Dover, N.H. nwaretech.com 800-270-9420	**LISA Distribution**	Controls materials movement and storage; features directed picking and putaway, first-in/first-out logic, and optimized paths.
H	**Next View Software** Orange, Calif. nextviewsoftware.com 714-288-0363	**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.

WMS BUYER'S GUIDE 2013

	COMPANY	PRODUCT	DESCRIPTION
B	**NTE** Oakbrook Terrace, Ill. nte.com 888-607-9372	**NTE Warehouse Management**	Supports dock management, order selection, and kitting with integrated bar-code scanning, RFID, and Android and iPhone capabilities. Local/global support for healthcare, medical, construction, food, high-tech, and third-party logistics/warehousing applications.
B	**Oracle** Redwood Shores, Calif. oracle.com 800-633-0738	**Oracle Warehouse Management**	Provides complete warehouse management capabilities including advanced wave planning, crossdocking, and demand-driven replenishment. Can be implemented with Oracle E-Business suite or standalone.
B	**QSSI** Somerset, N.J. qssi-wms.com 800-338-4420	**PowerHouse WMS**	Improves inventory accuracy and customer service levels; reduces order processing time, and putaway and picking errors; enhances labor and warehouse resources; and reduces inventory carrying costs and physical inventories.
B	**Ramp Systems** King of Prussia, Pa. rampsystems.com 215-854-6325	**Ramp Enterprise WMS**	Provides comprehensive warehouse management capabilities including EDI integration, bar-code scanning, inventory and order management, and customized reporting.
H	**Reddwerks** Austin, Texas reddwerks.com 512-257-3031	**Warehouse Management System**	Facilitates warehouse functions including stocking, packing, palletizing, receiving, wave planning, putaway, and replenishment.
L	**Retalix** Plano, Texas retalix.com 469-241-8400	**Retalix WMS**	Manages route-based, multi-stop distribution operations with tools and features designed to enhance efficiency and improve customer service.
L	**RF Pathways** Mississauga, Ontario rfpathways.com 866-823-6114	**RF Pathways Warehouse Management System**	Facilitates warehouse functions including receiving, crossdocking, putaway, inventory management, picking, staging, and shipping.
B	**Robocom Systems** Farmingdale, N.Y. robocom.com 631-753-2180	**R-WMS**	Offers RF, voice, and paper processing options, plus functionality that enables distributors and 3PLs to manage all aspects of their warehouse operations.
B	**Royal 4 Systems** Long Beach, Calif. royal4.com 562-420-9594	**WISE**	Controls inbound, value-added services; outbound, automated storage, and retrieval systems integration; and sequencing for just-in-time deliveries. Includes tools for load planning, delivery scheduling, and EDI advance ship notice confirmation.
L	**Sage Software** Irvine, Calif. sage.com 866-996-7243	**Sage ERP X3**	Manages all inbound, outbound, and intra-site stock movements. Integrates receipts, shipments, inter-site transfers, and returns with sales and purchasing data.

H Hosted on the vendor's site L Licensed to the user B Both

	COMPANY	PRODUCT	DESCRIPTION
B	**SAP** Newton Square, Pa. sap.com 800-872-1727	**SAP Extended Warehouse Management**	Features analytical tools that enable efficient operations management; supports the integration of multiple technologies – including voice and data capture – as well as control of automated materials handling equipment from a single system.
B	**Softeon** Reston, Va. softeon.com 703-793-0005	**Softeon WMS**	Manages warehouse receiving through shipping, including assembly/kitting and reverse logistics. Orders are sourced through distributed order management and integrated with demand planning. Rules engine enables real-time changes to business rules.
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.
B	**Supply Vision** Chicago, Ill. supply-vision.com 847-388-0065	**Supply Vision WMS**	Automates 3PL and small to mid-sized manufacturer warehousing and distribution activities. Optimizes receiving, putaway, and picking processes with integrated shipping solutions.
H	**Synergy North America** Charleston, S.C. snapfulfil.com 843-577-5007	**Snapfulfil SaaS WMS**	Facilitates receiving, putaway, replenishment, and picking. Provides audit and inventory control, data integration, and dispatch management.
B	**TECSYS** New York, N.Y. tecsys.com 800-922-8649	**TECSYS WMS**	Automates and optimizes all warehouse execution processes that improve performance and profitability. Provides total visibility and extended functions, including real-time collaboration, distribution and delivery management, industry performance metrics, and business intelligence.
H	**TransGroup Worldwide** Seattle, Wash. transgroup.com 800-444-0294	**TransWarehouse**	Manages multiple warehouses and SKUs. Generates orders and pick lists, and tracks inbound, on-hand, and outbound inventory.
B	**VAI** Ronkonkoma, N.Y. vai.net 800-VAI-7776	**S2K Warehouse Management**	Provides paper-based and RF processing for inventory receiving, putaway movement, picking, and order shipment verification. Includes truck routing and integrated EDI features, and electronic advance ship notices. Implemented with S2K Enterprise or standalone.
L	**Westfalia Technologies** York, Pa. westfaliausa.com 800-673-2522	**Savanna.NET**	Controls and optimizes product flows, order picking, reverse logistics, yard management, and manual operations. Integrates with 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.


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GOLD MINING

Unearthing the Value in Freight Audit and Payment Services

No longer a simple accounting function, freight audit and payment services give shippers access to financial data they can dig into for money-saving insights.

Freight audit and payment services have evolved beyond their original function of verifying, correcting, and paying freight bills. As logistics operations become more reliant on data, many shippers now view payment data as a gold mine of insight about their businesses.

Freight audit and payment providers are continually introducing new capabilities in leveraging data to solve shippers' business challenges. For some shippers, the extra help is essential – especially if resources are tight. And some in-house staff may not have the expertise to manage freight payment operations, says Harold B. Friedman, senior vice president, global corporate development, at logistics service provider Data2Logistics, based in Fort Meyers, Fla.

At the same time, managing transportation has become more data-driven. As a result, shippers expect more from their freight audit and payment providers.

"Companies are looking for ways to meet the challenges of today's complex supply chain environment," says Friedman. "They want actionable information and analysis, support in carrier negotiations, and insight into market best practices and industry benchmarks."

Shippers are also looking to level the playing field in carrier contract negotiations. "Historically, carriers have known much more about their business than shippers, and that gave them an unfair advantage," says Friedman. "We help shippers see how carriers are looking at their business, and aid in network optimization and day-to-day transportation decisions."

With fewer resources, tighter budgets, and higher expectations, shippers are relying on freight audit and payment providers for professional services, as well. For example, CTSI-Global, a supply chain management and technology provider in Memphis, Tenn., upgraded its staff and reporting tools to meet shipper demand for analytics-based cost-reduction strategies.

Shippers also have asked Fortigo, an Austin, Texas-based logistics IT services provider, to capture more data elements – even at the item level – and cross-reference them with other data elements to calculate total landing or total manufacturing costs, according to George Kontoravdis, Fortigo's president.

Shippers also want more frequent attention – processing freight bills daily instead of weekly to accelerate payments and comply with carrier agreements – and a flexible service delivery model so they can access data and reporting tools from tablets and smartphones.

UPGRADED EXPECTATIONS

These shipper expectations have transformed freight audit and payment services. "Rate audits used to just deliver savings and a few reports," says Keith Snavely, senior vice president, sales and marketing for nVision Global, a McDonough, Ga.-based provider of global freight audit, payment, and logistics management software and services. "While those results are certainly important, the main focus now is creating a central data warehouse that allows shippers to better manage their global supply chain."

At nVision Global, for example, service expansion has included performing freight audit and payment on a global scale, as well as providing data warehousing along

with data normalization and cleansing. The company also offers supply chain and procurement services, and least-cost carrier applications.

"Shippers can now take advantage of a host of products and services beyond traditional freight audit and payment," says Snavely. "For example, we're expanding our online analytical tools, as well as some of our supply chain offerings, such as global procurement services. We also developed a new supply chain services group that provides control tower and transportation management capabilities."

The types of assistance shippers require vary widely. For TTi Floorcare North America of Glenwillow, Ohio, working with a freight audit and payment provider that can offer capabilities such as consolidated reporting is a top priority. In March 2013, the vacuum cleaner manufacturer – maker of Dirt Devil, Royal, and Hoover products – engaged Cleveland, Ohio-based CT Logistics for general audit services, as well as the data and tools to help with budgeting, planning, and evaluating carriers.

"We were looking for a provider that can offer cost savings, accuracy, and a personal touch – a dedicated rep who pays our bills and understands our account," says Evan Terhar, transportation director for TTi Floorcare.

"CT Logistics' FreitRater reporting tool has been extremely helpful," he adds. TTi Floorcare is currently adding international freight invoices to FreitRater.

"When all our freight is integrated into one reporting tool, we'll combine that data with information from our transportation management system for comparison," Terhar says.

INTERSECTING WITH TMS

As TTi Floorcare's experience shows, freight audit and payment intersects with transportation management systems (TMS) in a number of ways. In fact, some freight audit and payment providers also offer TMS as part of their services. But while TMS solutions are becoming increasingly dynamic, providers caution that they can't replicate what a freight audit and payment firm can offer.

"Many TMS solutions don't provide a full audit function – especially not on a global scale," says Snavely. "A TMS traditionally doesn't capture the vast amounts of data a freight audit and payment provider does. And managing freight audit and payment with a TMS carries labor costs for developers and operators."

"Using the same provider for both freight audit and payment and TMS is ideal," says Brian Scott, senior vice president, global sales, at CTSI-Global. "This approach means shipment data is entered into our system as soon as the freight ships, so the customer doesn't have to send it to another company for freight payment."

INVESTING FOR INNOVATION

In addition to offering TMS, freight payment and audit providers are continually investing in new technology to meet the need for granularity.

"We have to keep up with technological advancements in shippers' systems, as well as within the freight audit and payment industry," says Tom Zygmunt, manager of marketing at Cass Information Systems, a

Digging For Information

A thorough vetting of both a prospective freight audit and payment provider and its references is key to selecting a partner that will serve your long-term needs. Tom Zygmunt, manager of marketing at Cass Information Systems, a transportation business intelligence provider in Bridgeton, Mo., suggests asking the following questions when researching freight audit and payment partners:

- **Financial stability and security.** Is the company financially sound and secure? Can it provide audited financial statements?
- **Customer support.** How are accounts handled? What kind of systems does the company have to help support customers? Are people dedicated to your account?
- **Electronic data interchange (EDI).** How does the firm handle EDI? Does it have a dedicated EDI team? Is there a dedicated support staff to handle carrier inquiries? What type of automated systems does the company have to provide information to both customers and their carriers? Is there a formal customer relationship management system in place?
- **Quality control.** Is a formal quality control program in place? Is tracking in place? What is the company's employee training? Is there a formal process to document how well the services are being performed?
- **Technology.** Is the company using the latest technology? Does it have the latest hardware and software? What are the firm's future plans? What type of Internet access does it have? Does the company have room to expand and grow?
- **Site visits.** Does the facility look neat and orderly? Does it seem documents are handled properly? Does the office have a proper workflow? What general sense do you get of the people you're going to do business with?

"Lowest price does not always mean lowest cost," cautions Zygmunt. "You're purchasing a service that operates daily, and continuous communication is key to success. You must ensure your provider will meet your expectations. It's more than a service – it's a partnership."

Small Errors Add Up in Parcel Billing

One payment area undergoing more scrutiny than in the past is parcel billing. While many shippers once dismissed this expense as small potatoes compared with the cost of moving containers across an ocean, the sheer volume has many changing their minds – particularly if they've gotten involved in e-commerce.

"On motor carrier invoices – such as truckload or less-than-truckload bills – a one-dollar discrepancy may fall within acceptable tolerances," says Tom Zygmunt, manager of marketing at Cass Information Systems, a transportation business intelligence provider in Bridgeton, Mo. "But on parcel invoices, one million packages that are off by one dollar each total $1 million in overcharges. It's especially an issue for large-volume shippers who send millions of packages annually. That represents a real savings opportunity."

transportation business intelligence provider in Bridgeton, Mo.

CT Logistics is enhancing its technical capabilities with the Logistics Intelligence Optimization Network (LION). Launched in spring 2013, LION works in conjunction with CT Logistics' FreitRater to provide shippers with complete supply chain visibility to international freight, and enable intelligent decisions such as selecting carriers for specific routes, and determining whether to renegotiate contracts or open them up to bid.

"LION facilitates supply chain modeling, as well as planning and execution," says Allan J. Miner, president of CT Logistics.

Early LION users have seen return on investment within 90 days. "Shippers can view their transportation costs, and determine what they're managing well and what is out of tolerance," Miner says. "They can then deploy better solutions and policies to control those costs."

COMPARE AND CONTRAST

With so much carrier rate data housed within their systems, freight audit and payment providers are ideally situated to offer benchmark data to help shippers understand and negotiate rates.

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Minneapolis, Minn.-based financial services company U.S. Bank is exploring the potential of offering more actionable information and benchmarks to help shippers compare themselves to others in their industry or with similar freight patterns.

Within global companies, different divisions often operate markedly different supply chains, and are better off comparing their freight spend with like shippers than with other internal divisions. That's just one example of how technology refinements can help mine more value out of freight data.

"We work with customers to develop data analysis tools that provide greater insights into their transportation spend," says Kimberle Kennedy, senior vice president, transportation payments, U.S. Bank Freight Payment, a transportation solutions division of U.S. Bank. "Our goal is to help them find meaning in the numbers so they can make better business decisions."

Shippers are requesting an ever-broadening array of data from freight audit and payment providers. For example, sustainability is a corporate-wide priority at IT storage hardware solutions company EMC Corp., based in Hopkinton, Mass. The company relies on Data2Logistics, its freight audit and payment provider, to furnish data such as carrier mileage, and help ensure that only SmartWay-certified carriers transport its freight.

"Data2Logistics has been very helpful as we expand its freight audit and payment services to our new international manufacturing facility," says Kevin McCay, project manager, EMC Corp. "We get quality data, accessible 24/7 via online tools such as Data2Inform, which allows us to view strategic reports."

THE POWER OF CONCENTRATING SERVICES

As shipper requirements increase, freight audit and payment service providers are adding an array of capabilities to satisfy customers and differentiate their businesses. In addition to delivering benefits associated with each particular service line, concentrating several services with one provider multiplies the advantages.

For example, shippers can use U.S. Bank's pre-audit and invoice processing solution along with supply chain financing to improve payment term management. When shippers choose supply chain financing, U.S. Bank accepts, audits, and pays the invoice immediately on approval, but the shipper doesn't have to pay U.S. Bank for at least 30 days. The carrier improves its day sales outstanding (DSO), and the shipper gains an advantage in days payable outstanding (DPO) — as well as enhancing its value to the carrier through quick payment and fully electronic data.

Working with shippers who choose this type of supply chain financing also benefits carriers by making funds available for investments that support their business, such as new equipment purchases.

"It's an alternative to traditional business funding, such as a working capital line of credit," says U.S. Bank's Kennedy. Carriers consider this approach depending on the way they manage their cash, and how they fund their businesses.

CT Logistics takes a similar position. In addition to LION, the company provides RatePort, a collaborative tool that enables shippers to work with carriers to negotiate contracts, discounts, or delivered costs. That data feeds into the company's FreitRater tool, so that when those shipments occur, the costs are already in the system. FreitRater's execution service then calculates the accruals and cost allocations down to the SKU level.

To support that broad array of services, CT Logistics has expanded its IT staff, professional global capabilities, services, and software offerings. The company is also creating mobile versions of all its applications.

Fortigo is also seeking increased integration. "We're developing a closed-loop audit model," says Kontoravdis. "In addition to receiving and processing freight bills, and feeding them to our customers' systems, we also want active carrier participation. Carrier engagement ensures we provide them with timely updates and get

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their input via regular aging reports. That allows us to verify that the process flows correctly, improve accuracy, detect issues as they occur, and establish a timely payment structure."

A3 Freight Payment, based in Memphis, Tenn., is one of a few freight payment and audit providers using a proactive resolution model with carriers. "We do not short pay invoices," says Ross Harris, A3's CEO. "If we identify an invoice discrepancy, client-dedicated resources get all parties to collaborate to resolve errors prior to settlement.

"This process secures agreement as to the root cause of the error and the steps necessary to permanently correct it," Harris says.

Once corrected, the billing and reporting data are accurate from that point forward. Typically, about 90 percent of errors can be eliminated in the first six months of a carrier contract.

GOING GLOBAL

An increasing number of shippers are seeking to apply the services of freight audit and payment providers to shipments between non-U.S. locations, creating a new set of challenges. While countries and markets may differ in metrics, languages, currencies, time zones, measure of weights, distances, and compliance requirements, some fundamental differences can also be difficult to overcome. For example, in some low-wage environments, it's inexpensive to process freight invoices in-house, so outsourcing may not be cost-effective.

"Other countries may have simpler rate structures than the United States, and in some emerging economies, contracts are not common – handshake agreements are more typical," says Harris. "Other jurisdictions may also have tax compliance issues and rules related to inter-country chargebacks, and the presence of a third party can complicate these issues.

"We've been able to develop solutions for our clients that create visibility to global spend, and provide locations with tools to maintain and manage the payables process on the ground," he adds.

Freight audit and payment services are well-established in the United States, but are a newer concept in many markets across the world – although the discipline is catching on among global firms.

"In 2012, our biggest growth areas were Europe and Asia, and many current U.S. customers have started adding service for countries such as Korea, China, and Brazil,

including moves within the country and region," says CTSI-Global's Scott.

PARTNERS FOR THE LONG HAUL

Arvato North America, an international outsourcing service provider with U.S. headquarters in Weaverville, N.C., has a long, trusting relationship with its freight payment and audit service company, CTSI-Global. In fact, the partnership has evolved over 16 years, and CTSI-Global now provides TMS and track-and-trace functions, and handles many reporting and analytics functions Arvato formerly performed in-house.

"Our reserves are slim, so we use CTSI-Global whenever we can," says Tom Brissenden, senior manager, logistics, for Arvato. "CTSI-Global's staff knows this business."

Most shippers engage freight audit and payment providers intending to establish a long-term partnership like the one Arvato maintains with CTSI-Global. To ensure a suitable match, it's critical to thoroughly vet potential partners before embarking on a business relationship.

When choosing a freight audit and payment provider, research all the companies you are considering. Start with the following points, and ask plenty of questions (*see sidebar, page* 92).

- **Try the tools.** Don't just look at analytics and reporting tools — use them and get a feel for how they work. Ask references how well the tools meet their needs.
- **Ensure bonding.** Ask if the organization holds fidelity bond coverage, a type of business insurance that protects employers against financial losses caused by fraudulent or dishonest employee behavior.
- **Understand pricing.** "If you choose a provider offering fees 50 to 60 percent lower than every other company, you are taking a risk," says nVision's Snavely. "You are placing a bet on your company's funds."

Also look for red flags such as separate fees for generating reports, imaging, and electronically transfering funds.

- **Verify international expertise.** Ask about the provider's experience in the

The Flip Side: Streamlining Carrier Billing

Resolving discrepancies in freight bills of lading (BOLs) exhausts time and resources on both sides of the transaction. The more a carrier can drive error out of the process, the more accurate BOLs will be, and the less shippers and carriers must spend on reconciliation.

DDC Freight Process Outsourcing (FPO) specializes in digitizing, capturing, and processing freight-critical paperwork, documentation, and associated tasks—essentially streamlining the carrier's back office. DDC FPO, a division of U.K.-based The DDC Group, helps logistics companies contain costs and enhance administrative efficiencies.

The company began offering FPO in 2005 at the request of a major trucker to assess its system, pinpoint problems, and resolve all related issues. Since then, DDC FPO has grown organically through client referrals, and today processes 20 percent of all less-than-truckload bills in the United States.

Historically, many carriers have manually issued billing from individual terminals, creating severe operations fragmentation. That led to debilitating inefficiencies, higher days sales outstanding (DSO), and a loss of focus from the core business.

DDC FPO develops a custom solution for each carrier. "We learn about their systems and daily processes, then apply our method of quality metrics and standardization to deliver overall efficiency and cost containment for immediate, tangible results," says Chad Crotty, vice president of business development at DDC FPO. "We do all that while maintaining and improving accuracy rates and quality of work."

These services drive out errors, reducing the DSO on all the carrier's bills, and cutting time required for correction. That's critical in an industry with slim margins, high turnover, and a lengthy learning curve in the billing department.

"Our customers face continually rising labor and healthcare costs," says Crotty. "Our solution provides protection against those challenges over the long term, which gives them a competitive advantage and sends more money to the bottom line."

To support fluctuation in billing volumes, DDC FPO also offers flexible staffing achieved by shifting the workload through eight processing facilities in the Philippines. The company also invests in new technologies to ensure high-quality capture and quick turnaround times.

Recently, DDC FPO added *Intelligent Capture* powered by Brainware, a software that sorts paper and electronic documents, lifts critical information based on context, validates findings, then seamlessly relays data to core business applications. "It replaces the traditional rules-based approach with an advanced pattern recognition technique; it works like the human mind," says Crotty.

"We are constantly innovating for the same reason we support dedicated organizations such as the American Trucking Associations and SMC^3," adds Art Zipkin, president, DDC FPO. "We are investing in the future of this industry. We admire the work and commitment of trucking professionals, and we want to see them succeed."

countries where you do business, and how it handles language differences.

Watch out for co-mingling. Ensure the provider maintains dedicated accounts for each shipper, and does not co-mingle shipper funds.

Look deep. Understand the provider's processes and controls, and how they are organized.

Consult carriers. Providers are not the only information source. Consider approaching carriers for their views – you may be able to find out which providers pay on time, whose processes are best at resolving discrepancies, and who helps carriers find and correct the source of the problem to head off future issues. Even with long-term freight payment and audit relationships in place, it's a good idea to periodically pose these questions to carriers.

POST-SELECTION STEPS

Once you've chosen a provider, the following steps will help ensure a successful experience:

Run a pilot. This test lets both sides know what they're working with, to ensure there is a fit. "Setting up a freight audit is time-consuming and requires commitment from the shipper," says Fortigo's Kontoravdis. "If you aren't currently using freight audit and payment services, a small pilot project would be a reality check about the type of effort required."

For example, sometimes new users believe they have carrier contracts in place, but when they start preparing for audit, they discover the contracts have expired, requiring new negotiations.

Ensure good project management. Managers must understand current processes, such as which divisions operate in a distributed model and which are centralized.

Perform field ROI analysis. "The pricing model you pick for the freight audit provider is tied to the ROI you realize," Kontoravdis explains. "Sometimes, a transaction-based model is better. Other times, gainsharing is better. You don't know until you get down to the details."

Clearly define the scope and deliverables. Global shippers, in particular, need to agree on what will happen in each phase of the project. "They also need to understand the differences between freight audit and freight payment, which are not always immediately clear," says Kontoravdis. "It might make sense for the shipper to pay the bills because of internal controls, processes, or guidelines."

Ask for carrier report cards. Data2Logistics issues quarterly report cards detailing each carrier's performance and compliance. "You can see who is delivering on time, whether they provide proper documentation, and if they are billing accurately," notes Friedman.

Use providers for detailed requests for proposal (RFPs). Data2Logistics works extensively with clients to create comprehensive RFPs. "These documents are key to understanding carriers' capabilities, and ensure they're bidding on lanes they can handle," says Friedman. "A lot more work goes into good RFPs than people think. We encourage shippers to provide detailed information about their shipping requirements, and to also drill down into carrier capabilities. Choosing a carrier involves more than just price. The ability to provide service performance is equally important."

Get buy-in for global expansion. Because freight audit and payment is a fairly new discipline to those outside North America, make sure you have true buy-in from non-U.S. divisions before expanding those services to them.

"A small location in Europe may not receive the full benefit of freight audit and payment, but having all the company's shipment data in a global data warehouse does serve the greater good of the business," says Snavely.

CHOOSE WISELY

Once considered an accounting – rather than supply chain – function, freight audit and payment has evolved considerably to become a key part of many shippers' accounting, logistics, and IT operations. As such, it's critical for shippers to choose partners carefully and fully understand – and take advantage of – all the capabilities they now provide.

Reliability You Can Bank On

When outsourcing freight billing, some shippers find it reassuring to work with a financial institution such as U.S. Bank, because it is subject to the regulatory oversight placed on the banking industry in the United States and across the globe.

"Strict requirements define how we manage customer information and money," says Kimberle Kennedy, senior vice president, transportation payments, at U.S. Bank Freight Payment, a transportation solutions division of the Minneapolis, Minn.-based financial services company. "Shippers have a solid foundation for passing information and funds to facilitate an invoice processing solution because of the stringent requirements we place on ourselves, as well as the stringent requirements the regulatory agencies place on us."

The company's blend of logistics, technology, and banking expertise allow it to satisfy both accounting and procurement data needs. "We understand financial concepts such as reconciling and accrual," Kennedy explains. "We will make sure companies get the information their accounting systems need, while enabling them to use the data in their procurement process."

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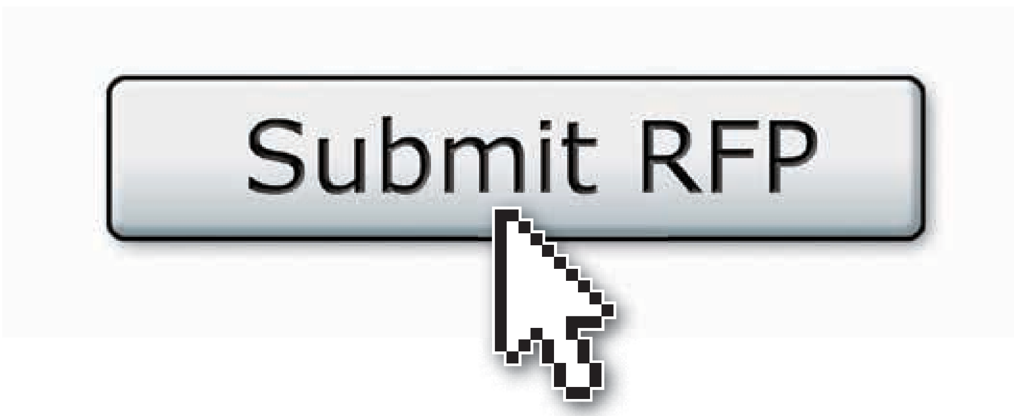

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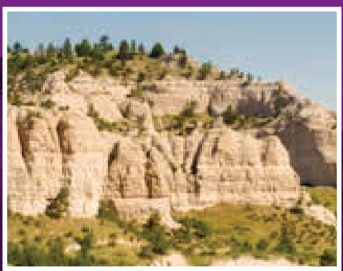


Nebraska

A Crossroads and a Gateway

An established leader in the U.S. logistics sector, Nebraska is extending its reach across the globe thanks to its outstanding transportation access.

No description would do Nebraska justice if it didn't include the remarkable logistics assets that set the state apart. And any profile without the word "crossroads" would most certainly be incomplete.

Connectivity is key to the state's logistics advantages. Positioned at the heart of the NAFTA trade corridor, Nebraska's Interstate 80 and connecting interstate roadways offer easy, direct transportation to major east-west markets. And two Class I railways — Union Pacific (UP) and Burlington Northern Santa Fe (BNSF) — operate on more than 4,000 miles of track in the state.

When it comes to logistics, Nebraska quite simply has it all. "With its central location, business-friendly climate, first-class infrastructure, minimal congestion, and speed to markets — combined with transportation advantages including a major river, two national rail lines, national trucking companies, a regional airline hub, and national interstate highways crisscrossing the entire state — Nebraska provides convenient access to all major U.S. and overseas markets," says Patricia Wood, marketing and public relations director for the Nebraska Department of Economic Development.

Such advantages have helped Nebraska support business and increase its growth in share of national exports. Need proof? The state ranked eighth in the *Enterprising States* study conducted by the U.S. Chamber of Commerce. And the Department of Economic Development received a grant to boost the number of small businesses in Nebraska that are exporting, and to increase the value of those exports.

Anticipating continued trade growth within the state, both UP and BNSF recently announced expansions in Nebraska. UP plans $1 billion in investment projects during the next several years, including the addition of track and technology upgrades, new crew-change buildings, and a bridge. As part of its 2012 $3.9-billion capital commitment, BNSF is investing an estimated $202 million in maintenance and rail capacity improvement and expansion projects in Nebraska.

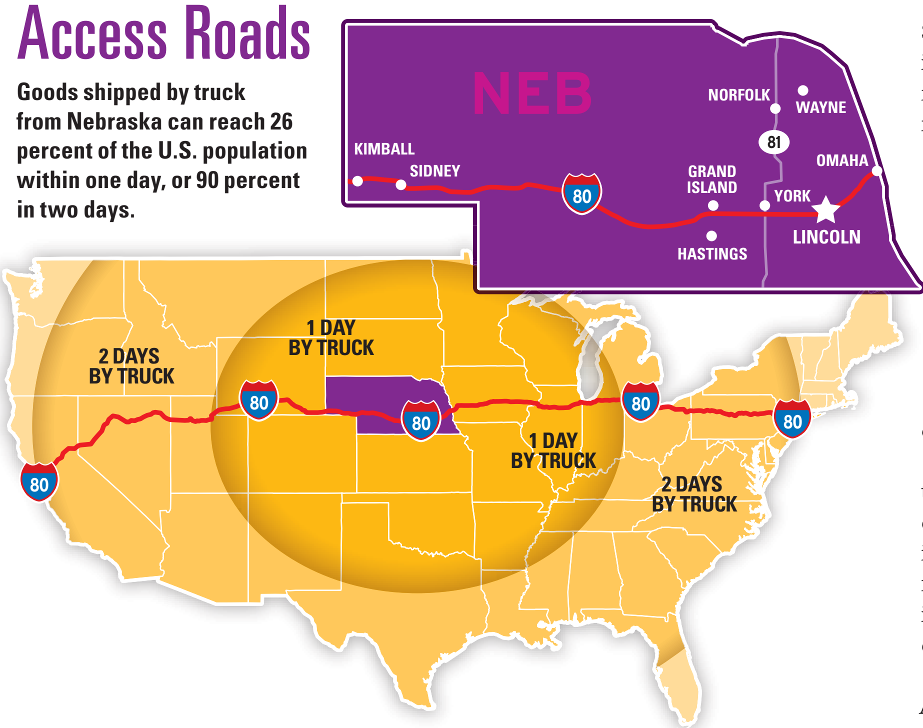
Nebraska's connectivity makes it a natural fit for logistics and transportation service providers. In fact, as a percentage of total employment, the state has more people working in the trucking industry than anywhere else in the nation. Werner Enterprises Inc. and Crete Carrier Corp., two of the nation's top 10 trucking companies, are headquartered in Nebraska.

Such logistics advantages are among the factors that encourage manufacturers and distributors to establish facilities in the state. CNBC ranked Nebraska fourth on its list of top states for business in 2013 — thanks in part to tax reform efforts.

The state also placed second among America's 10 most business-friendly

Access Roads

Goods shipped by truck from Nebraska can reach 26 percent of the U.S. population within one day, or 90 percent in two days.

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states in a report by Illinois-based corporate site selection firm Pollina Corporate Real Estate Inc. The Pollina report praised Nebraska's unemployment rate, right to work, unemployment insurance, business inventory tax, comprehensive tax for both mature and new firms, litigation environment, transportation infrastructure, and business incentives.

All those booming businesses require a stellar workforce, and Nebraska's ranks as the seventh-happiest in the country, according to the Gallup-Healthways *Well-Being Index*, which measures factors ranging from job satisfaction to water quality. Contributing to that sunny outlook is Nebraska's standing as the eighth-least-expensive state in which to live, according to the Bureau of Economic Analysis, an agency of the U.S. Department of Commerce. Factors used to make the determination include unemployment, cost of goods and services, and various taxes.

SPREADING THE WORD

Nebraska's Department of Economic Development has plenty to say about the state's logistics and other assets.

"We have promoted Nebraska around the world," Wood notes. "The many advantages for growing businesses in the state are attractive to a variety of industries.

"Business executives readily see that Nebraska's central location, work ethic, infrastructure, and business climate help them get to markets anywhere in the United States and around the world, efficiently and cost effectively," she adds.

Wood cites the economic development department's strong ongoing partnerships with the Nebraska Logistics Council — and its parent organization, the Nebraska Trucking Association — as important means for the department to help promote and grow the state's transportation, distribution, and logistics advantages. These organizations work with Nebraska schools and higher education in developing programs and generating interest in the logistics sector.

"Nebraska also continues to invest in infrastructure improvements, develop sites and spec buildings, and promote them through a one-stop site and building locator," Wood says.

"The bottom line and the cost of doing business are important, and Nebraska has — and continues to identify — ways to improve the state's already business-friendly atmosphere," she adds. "When businesses invest in Nebraska and hire Nebraskans, a variety of incentive programs and opportunities are available to help them grow and succeed."

POWERED FOR PROGRESS

Companies seeking to locate or relocate to Nebraska — as well as those already in the state wishing to grow their businesses — frequently turn to the Nebraska Public Power District (NPPD) for help. The NPPD's Economic Development Team focuses on providing assistance in three principal areas:

1. Positioning communities and regions for economic growth.
2. Taking care of businesses and industries now in the state.
3. Attracting or recruiting new businesses and industries.

"NPPD wants the communities and areas it serves to be prepared to take advantage of development opportunities," says NPPD economist Ken Lemke, Ph.D. "Taking care of businesses already here is the first and foremost task of any economic development program, because most job growth is due to expansion of existing businesses."

Electric utilities can bring a unique perspective to companies evaluating sites or locations. "NPPD's experienced Economic Development Team has assisted numerous companies in finding productive and profitable locations in Nebraska," says Lemke. "Services range from supplying requested information to guiding firms through the entire site selection process. This can include gathering community proposals, identifying informational and financial resources, or facilitating final negotiations at the local level."

As the state's largest electric utility, NPPD's chartered area includes 86 of Nebraska's 93 counties. Operating as both a wholesaler and a retailer, it delivers power directly to business and residential customers. It also supplies power to local utilities operated by 51 towns and 25 rural public power districts and cooperatives.

"NPPD gladly educates organizations on its current system capacity, and economic development coordinators are also on hand to provide advice on future energy needs, including generation mix and transmission capabilities," says Lemke.

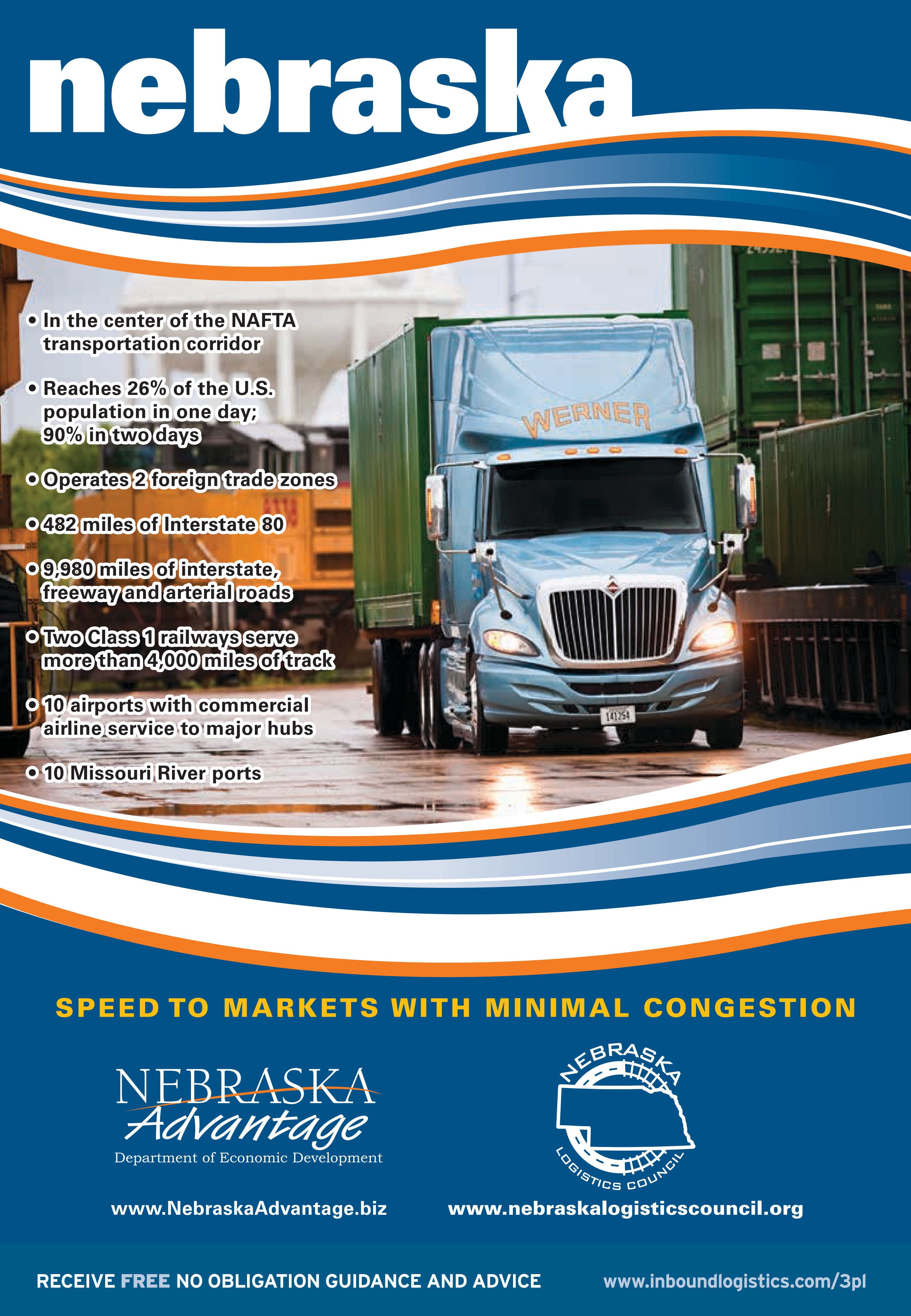
"For instance, some organizations require refrigerator services 24/7, or constant usage of lights or fans," he says. "NPPD is able to provide all this when customers need it most through its mission to safely generate and deliver reliable, low-cost, sustainable energy, and provide outstanding customer service."

THE BIG THREE

Lemke identifies Nebraska's three major advantages for business expansion or relocation:

1. Geography. Nebraska is center stage to both regional and national markets. Interstate 80, the most traveled east-west transcontinental route of the interstate highway system, offers 482 miles of quick access to everywhere in the nation. Through Nebraska's roadways, goods delivered by truck reach more than 25 percent of the U.S. population in just one day. Within two days, that percentage increases to more than 90 percent *(see map, page 106)*.

In addition, the nation's two largest rail companies — BNSF and Union Pacific — provide service to many Nebraska communities. Ten freight railroads operate more than 3,200 miles of track throughout Nebraska, and no major city in the United States is more than five days by rail from Nebraska.


nebraska
• In the center of the NAFTA transportation corridor
• Reaches 26% of the U.S. population in one day; 90% in two days
• Operates 2 foreign trade zones
• 482 miles of Interstate 80
• 9,980 miles of interstate, freeway and arterial roads
• Two Class 1 railways serve more than 4,000 miles of track
• 10 airports with commercial airline service to major hubs
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Journeys to Global Success


Nebraska Governor Dave Heineman has focused on international trade and creating new export opportunities.

Given their own travels, it is little surprise that Nebraska's leaders, both public and private, have an affinity for the transportation and logistics field. In early September 2013, for example, Lt. Gov. Lavon Heidemann led a delegation of Nebraskans on a trade mission to Taiwan and Japan – the 12th foreign or reverse trade mission of Gov. Dave Heineman's administration.

"Our Asian trade missions represent important opportunities to explore agriculture and business development efforts in key markets," Heineman says. "We will use this time to strengthen business relationships, and pursue opportunities to develop new connections that will benefit Nebraska communities, while also promoting our agricultural products.

"Nebraska has hosted a variety of business delegations from Taiwan and Japan during the past several years, and this trip will be an important opportunity to examine ways to increase investment in our communities, and continue strengthening our relationships in the regions," Heidemann adds.

The trade mission provided opportunities for delegation members to meet with government officials, potential trading partners, and investors interested in doing business in Nebraska. The mission included a visit to Tokyo, enabling Heidemann to participate in the annual Midwest U.S.-Japan Association Conference, a meeting of nine midwestern states and major Japanese businesses.

In Taiwan, Nebraska leaders received an update on a trade agreement entered into during a visit in 2010. At that time, Nebraska delegates signed an agreement worth an estimated $450 million in future sales of corn, soybeans, and wheat between Taiwanese importers and private suppliers.

Japan is Nebraska's largest foreign direct investor, having poured more than $4.4 billion in the state since 2010. The country is Nebraska's fourth-largest export market, with $468 million in exports in 2012. Taiwan is Nebraska's 13th-largest export market, with $94 million in exports in 2012, but was the state's 10th-largest agricultural export market that year.

1. Workforce. Nebraskans take pride in the quality of their work, and the workforce consists of productive, dependable, educated, and well-trained individuals who care about what they do. This contributes to high productivity and success rates, and low absenteeism and turnover. Nebraska maintains an unemployment rate of 4.2 percent—almost half the nationwide unemployment rate of 7.4 percent, and among the lowest in the nation. Unemployment insurance costs and worker's compensation insurance also are lower than the national average.

2. Low energy costs. NPPD's industrial rates are 21 percent lower than the national average. NPPD is the state's largest electric utility, and uses a diverse mix of generating facilities, such as nuclear, coal, gas, oil, hydro, and renewable energy. In 2012, NPPD relied on carbon-free energy sources for more than 40 percent of the overall energy mix supplied to customers.

GATEWAY TO THE WORLD

Nebraska's logistics advantages extend well beyond the state's borders—and, for that matter, the borders of the continental United States. Nebraska-based transportation and logistics company Werner Enterprises, for example, provides services throughout North America as well as Asia, Europe, South America, Africa, and Australia. In addition to its global headquarters in Omaha, Werner maintains offices in Canada, Mexico, China, the Netherlands, and Australia, and manages an extensive global network of agents.

"Many people link Werner to the United States, and may be less aware of the role we play in the international logistics space," says Craig Stoffel, vice president, Werner Global Logistics. "But, in fact, Werner is the largest cross-border carrier in North America."

That role has acted as a gateway to the rest of the world. "In the mid-2000s, many of our customers began to look for our help as they started to source from overseas," Stoffel says. "They knew that low-cost labor plus good infrastructure equaled good sourcing options. That took us to China, where regulatory changes allowed foreign companies to establish logistics operations. We evolved our portfolio, and established Werner Global Logistics."

Stoffel says Werner is now a "local" Chinese company, offering an array of domestic and international services, including warehouse consolidation and ground transportation. This allows domestic shippers to deal with Werner personnel point-to-point across the globe — the company provides services to more than 120 countries worldwide. One trusted company managing the supply chain from end to end creates opportunities for efficiency and cost savings.

Jonathan McIntosh, president and CEO of Omaha-based SnapStone — maker of a porcelain tile system — gives testimony to Werner's capabilities abroad. SnapStone began importing containers of its product from Brazil and China in 2006.

The company took advantage of Werner's growing capabilities. "We liked working with a local company," McIntosh says, citing the work ethic and integrity that characterize Nebraska businesses.

"We were impressed with the service Werner was able to provide — particularly on the ground — in China," McIntosh adds. "Werner really handles things, and has the right attitude. I can't speak highly enough about the relationship our companies share."

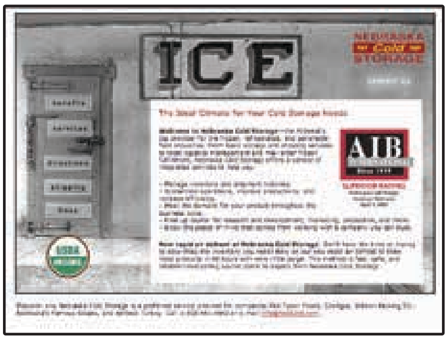
It is especially important for SnapStone to associate with growing firms such as Werner. "We have to work with partners that have the capability to scale up," McIntosh explains.

Werner may be spreading its reach across the globe, but make no mistake: Nebraska remains the company's home. Stoffel applauds the "very aggressive, pro-business" attitude of Nebraska's Department of Economic Development, and notes that Werner has partnered with the department on trade missions to China and Japan.

"When we talk about the state's logistics advantages, we cite our proximity to customers, low energy costs, extensive road and rail infrastructure, and the supportive legislators here," says Stoffel. "That's why we are a regular participant in trade missions abroad, and a regular stop for trade missions that come here. We help businesses elsewhere understand how easy it is to do business in Nebraska."

Nebraska has taken the logistics advantages inherent in the state's geography, and transported them quite literally around the world. Its leadership in the logistics sphere continues to expand to the farthest reaches of the globe. ■

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



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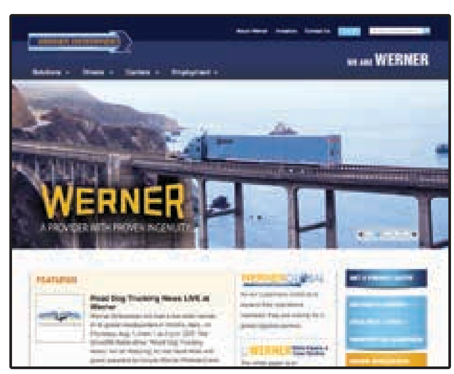
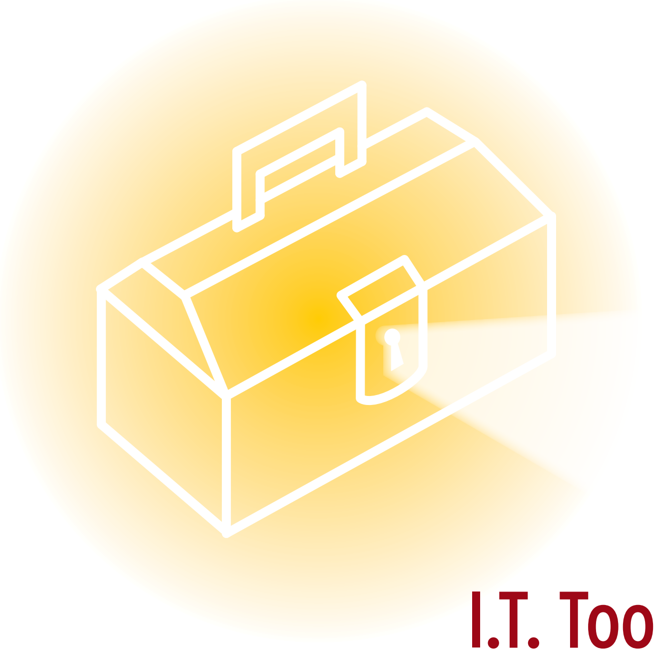




I.T. Toolkit

by Marty Weil

Route Planning Software: Mapping a Path to Savings

Poultry supplier George's scheduling solution delivers meaty efficiency gains.

George's Inc. is a classic American success story. The company started as a general store in tiny Brush Creek, Ark., west of Springdale. In the 1920s, founder C.L. George began hauling live poultry to customers in Kansas City, St. Louis, and Chicago, laying the foundation for what would become one of the country's leading poultry producers.

Nearly one century later, the fourth generation of the George family still leads the privately held company. The thriving operation spans multiple states, and employs more than 4,700 workers. George's processes more than five million chickens weekly, and is a major supplier to restaurant chains such as KFC and Popeye's.

The company primarily supplies foodservice, retail, and national companies, and operates processing plants in Springdale, Ark.; Cassville, Mo.; and Edinburgh and Harrisonburg, Va. The Virginia-based business—which mainly serves direct-to-store-door (DSD) customers—created the challenge George's eventually met by integrating route planning software into its enterprise business system.

Simplifying Complexity

George's DSD accounts presented a logistics challenge, sometimes demanding up to 35 stops for a single truck.

"We entered the DSD orders into our business system, but then had to manually create routes," says Jeff Overstreet, director of transportation for George's. "Because this was a complex, labor-intensive, and time-consuming activity, I began to search for a software solution that would assign orders to the best possible routes based on destination, driver hours of service, and other factors."

After intensive research and evaluation, Overstreet chose a route planning solution by Frisco, Texas-based Paragon Software Systems. "The selection came down to four or five competitors, but the determining factor was Paragon's ability to integrate with our existing enterprise system," notes Overstreet. "The software is not an off-the-shelf commercial solution, but one of our own design."

George's dispatchers use Paragon's daily route management software (RMS) to download order details from the enterprise system. The RMS slots each order into its correct position in the fixed routes, then recalculates route timing, truck utilization, mileage, driver service time, and costs.

It also updates daily key performance indicators such as average cost per delivery; highlights any under-utilized routes that need to be improved; and provides warnings for any overloaded vehicles, overworked drivers, or late customer deliveries.

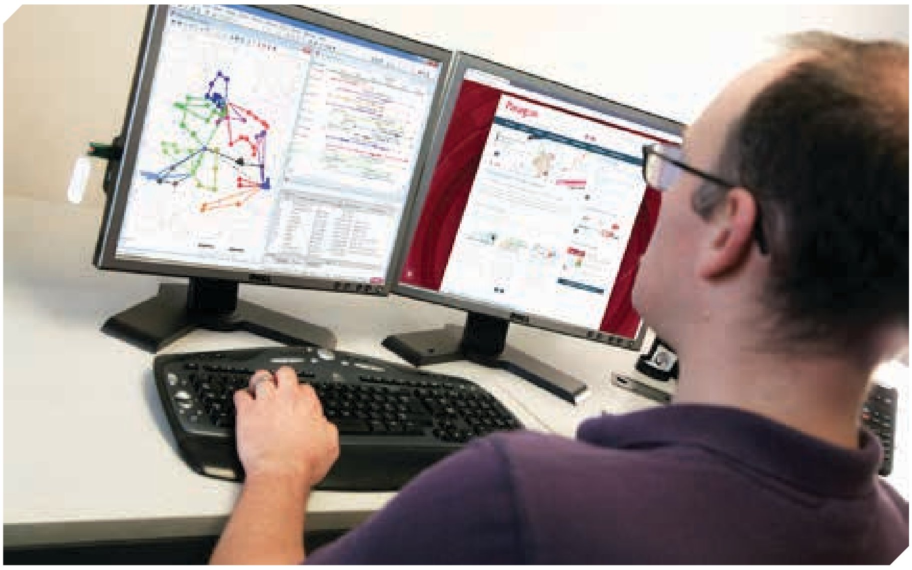
The Integrated Advantage

Before George's implemented the system, sales and transportation were not integrated. The sales office and dispatch function were in separate locations, so every order placed was printed in the dispatch office.

"For example, the dispatcher picked up the printed orders, saw two deliveries for New Hampshire and one for Connecticut, then assigned those to a route together in the enterprise system," says Overstreet.

The system allows George's to quickly develop routes, eliminate manual planning and scheduling, and ensure that mileage does not spiral out of control as workload increases. In fact, George's has been able to add more deliveries without adding more miles.

"Prior to implementing the Paragon system, we didn't have a way to integrate our transportation function into our operating system," notes Overstreet. "We've been able to automate transportation to our advantage."



Paragon Software Systems' route planning tool provides dispatchers at George's Inc. more shipment control and better visibility.

Paragon's software manages details such as customer addresses, delivery quantities, time windows, vehicle sizes, and driver shifts. Running an algorithm designed specifically for optimizing road-based transportation operations, the software uses digital mapping to calculate the most effective delivery and collection sequences with accurate transit times, allocating loads to the appropriate vehicles and drivers.

The solution ensures schedules are geographically feasible to meet promised arrival time windows. It also improves fleet utilization and productivity by making routes more efficient, minimizing total mileage, and reducing empty miles.

When George's first applied the software solution to its DSD business, the company operated 11 routes from the Virginia facility. After running orders through the Paragon solution, the number dropped to nine. "That represents significant savings in capital equipment and labor costs," says Overstreet.

The company gained further efficiencies. First, since implementing Paragon's RMS, George's has cut its fuel bill for DSD operations by more than $30,000 annually. The savings result from a five-percent reduction in road miles, made possible by using Paragon's map-based transportation optimization capabilities.

Second, George's was able to reduce its fleet size by 10 percent, while still maintaining high service levels.

Saving dispatchers six hours per week was a third benefit. They now spend this time investigating backhaul and other business opportunities, instead of performing data entry and dispatch administration tasks.

More Satisfied Customers

For a George's customer who is down to four cases of chicken and requires more to serve its lunch patrons, the need to know immediately when the product will arrive is paramount. As any retail operation can attest, calling the driver doesn't always yield accurate information. George's found a solution in Paragon's *Fleet Controller.*

Fleet Controller provides the link between real-time truck tracking and Paragon's RMS. It enables George's to:

- Verify in real time that delivery schedules are on plan.
- Receive alerts of any late-running issues or route deviations.
- Identify recurring inefficiencies.
- Provide customers updated arrival time alerts.

Fleet Controller includes standard interfaces to many leading truck tracking systems. Real-time tracking data—including GPS locations and ignition settings—links to the system, which uses advanced

Integrated fleet management generates route plans with efficient backloads – increasing asset utilization, improving productivity, and reducing empty mileage.

matching logic to continually assess each truck's location in relation to the planned schedule, and update the timing for the remainder of its route.

"*Fleet Controller* plays a key role in supporting customer satisfaction in our DSD operations," says Overstreet. "It is integrated with our onboard communications systems to provide real-time shipment visibility. We and our customers know where a truck is at any given time."

The software also provides a range of fleet management reports, and plan-versus-actual summaries. George's can discover which routes incurred the highest excess mileage or driver hours, and immediately debrief the driver. It also has visibility into which customer sites regularly keep drivers waiting, resulting in added costs and late deliveries for other customers.

For George's, an important part of the Paragon solution is its flexibility. If the company wants to deviate from the standard package, Paragon can easily adapt the software and implement the desired functions.

"Paragon's programming group has been a huge factor in the solution's success over time," says Overstreet. "We perform functions other poultry suppliers don't, such as filling small orders, but this makes our overall process variable. We needed a tool that can organize the logistics pieces."

For example, because the company sells fresh poultry products, every day has to be a "sell out." George's DSD operation doesn't have the luxury of keeping inventory on hand, or selling product several weeks out and storing it. Product has to move.

"We were having an issue with spot sales on loads—product that had to move that day," says Overstreet. "Now, our sales force can go into Paragon, draw a 50- or 100-mile radius around a truck that is half full, then identify buyers within the route who can purchase product that needs to be sold. We're not only optimizing transportation with this system, but also maximizing product movement."

New mapping enhancements in the latest version of the software provide a user interface that automatically displays information on a map for fast, accurate, and familiar visual references for drivers and dispatchers.

George's success with Paragon for its DSD business in its eastern U.S. operations motivated the company to expand its usage to operations in the western region, with a slightly different approach. The company uses fixed routing in the East, where it owns the fleet and employs drivers. In the West, however, it uses dynamic routing, because outside carriers transport 95 percent of its shipments in that region.

Paragon's *Integrated Fleets* software adds another level of sophistication to George's multi-site transport and logistics optimization capabilities. The tool enables managers to treat vehicles and drivers at multiple sites as a single integrated transportation resource, so movements from different depots can be combined into efficient routes that reduce overall empty running.

The tool generates route plans with efficient backloads, which increases asset utilization, improves productivity, and reduces empty mileage. Integrated fleet transportation planning helps:

- Optimize all vehicles as a single resource, regardless of location.
- Decrease empty running and increase loaded miles per vehicle.
- Ensure quick and efficient automatic routing for operations involving combined fleets based at different locations.
- Optimize complex logistics operations such as those involving warehouses or production sites with different products serving the same customer base, or combined primary and secondary distribution operations.

The *Integrated Fleets* software is suitable for more complex transportation operations, such as those involving multiple DCs with different product ranges, or where a company wants to combine pickups and deliveries on the same truck routes.

For example, dispatchers can schedule a truck from one DC to make some customer deliveries, then pick up its next load from another warehouse or DC for delivery on the way back to its base. This creates route schedules with efficient backhauls that reduce empty mileage, improve productivity, and lower total transportation costs.

"Eliminating miles and adding payload delivers a huge benefit," says Overstreet. As a result, costs drop in every shipping category, which leads to financial and service-level gains.

As George's looks to further expand its use of transportation optimization software, its immediate goals are developing new customized reports and setting up its database to better analyze rates and carrier performance.

"It's important to know your business requirements," Overstreet concludes. "Then ensure that technology is tailored to your operations, and helps you continue to improve your business and methods." ■

3PLs

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Ryder Supply Chain Solutions is an end-to-end supply chain partner with nearly 80 years of experience helping customers in North America, the UK, and Asia transform their supply chains by delivering the best in operational execution. Ryder provides a full range of services, from optimizing day-to-day logistics operations to synchronizing the supply of parts and finished goods with customer demand. At Ryder, we understand that when it comes to logistics, Execution is Everything.

UTi Worldwide • www.go2uti.com

UTi Worldwide is an international, non-asset-based, global integrated logistics company providing air and ocean freight forwarding, distribution, contract logistics, customs brokerage, and supply chain management services and design, including enhanced warehousing, transportation, order management, and manufacturing support. With over 21,000 employees in 313 locations, and 245 logistics centers around the world, we offer complete logistics solutions that maximize value along the supply chain from end-to-end.

DEDICATED CONTRACT CARRIAGE

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.

FREIGHT PAYMENT/AUDIT SERVICES

Cass Information Systems • 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.

IN THIS SECTION:

Freight Payment/Audit Services

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.

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 less-than-truckload, truckload, 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.

DDC FPO • www.ddcfpo.com

DDC FPO is a leading specialist in Freight Process Outsourcing (FPO): digitization and processing of freight-related documents. The company's team of experts designs and implements solutions specifically created for companies in the global freight industries. By combining onshore project management and scanning with offshore data processing capabilities, DDC FPO is able to supply fast, accurate, and economical data processing services to businesses around the world.

Fortigo • www.fortigo.com

Fortigo's team of experts specializes in logistics optimization and enterprise Web-based software. For companies seeking to reduce costs, improve customer satisfaction, and increase profitability, Fortigo automates, optimizes, and audits logistics decisions. Fortigo plugs into established supply chain applications, and provides rapid return on investment by optimizing and deploying closed-loop logistics processes, minimizing ship-to-order times, and streamlining collaboration with logistics providers.

IN THIS SECTION:
Freight Pay/Audit • Global Logistics

nVision Global Technology Solutions • www.nvisionglobal.com

nVision Global Technology Solutions is a leading international freight audit, payment, and logistics management solutions provider. With locations in North America, Europe, and Asia, our staff is fluent in more than 25 languages, and processes and pays freight invoices from more than 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.

Trans International LLC • www.ticominc.com

Trans International provides FAIR – Freight Audit & Information Reporting – services. We provide our clients completely customized transportation management solutions – leading-edge, best practices-driven freight bill processing, client rules-based audit, and six levels of safe, secure carrier funding options. We are a WBENC-certified Women's Business Enterprise, serving clients ranging in size from Fortune 100 to mid-markets. Contact Trans International for freight audit, freight pay, logistics consulting, business intelligence analytics, scalable and affordable TMS, and exceptions management. Call 262-253-3500, ext 1125 or visit www.ticominc.com

U.S. Bank • www.usbpayment.com

U.S. Bank Freight Payment improves control and reduces costs for shippers and carriers with a global transportation payment network that automates invoice auditing, processing and payment; integrates trade finance; and provides powerful business intelligence. Visit usbpayment.com today to learn how we can strengthen your physical and financial supply chain.

GLOBAL LOGISTICS

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.

IN THIS SECTION:
Materials Handling – Retail Logistics

MATERIALS HANDLING

Invata Intralogistics • www.invata.com

We are experts in the design, implementation, and life cycle support of automated distribution centers, fulfillment centers, and warehouses. We specialize in integrating the flow of information with the flow of material goods through an elegant mix of material handling and warehouse management software technologies that magnify productivity. We offer complete solutions that begin with in-depth operational analysis and end with turnkey systems, exactingly designed to fit our clients' needs now and in the future.

RETAIL LOGISTICS

AFN • www.loadafn.com

Serving carriers, manufacturers, and retailers since 2003, AFN is a recognized leader in freight brokerage, third-party logistics, and transportation management services. We're known for our commitment to client service, our proactive approach to fighting cargo theft, and our expertise in retail compliance. AFN's team works with you to provide a solution that blends seamlessly into your daily business processes.

TTS • www.tts-us.com

Ready for a supplier that is in perfect alignment with your organization's business goals and equips you for success? TTS lives and breathes logistics and supply chain management. Its reputation is more than a legacy; it's the product of cutting-edge technology, paired with unique solutions for individual client challenges. It's the reason TTS agents experience such robust growth in their enterprises. The company has developed an agent-centric network that eats deadlines for breakfast and makes no excuses. Accountability for your business isn't a new idea, but with TTS you will experience it at a whole new level.

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.

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.

Continental Expedited Services • www.continentalexpedited.com

Continental Expedited Services (CES) is one of the largest and fastest-growing providers of premium transportation services in North America, accommodating a full range of transportation solutions with one-call, door-to-door services to and from almost any location in the world. CES's 24-hour service center can provide, within minutes, a competitive price and response time for your time-sensitive freight. When you have a critical shipping emergency, call CES for the most reliable expedited service throughout the United States, Mexico, Canada, and now around the world.

Crowley • www.crowley.com

If you think Crowley offers just ocean freight services, think again. Sure, it provides liner shipping and cargo carrier services throughout Latin America, Puerto Rico, and the Caribbean Basin, employing the latest vessels, equipment, and communication technologies. But Crowley is also one of the most diversified transportation companies in the world, developing innovative supply chain solutions backed by deep relationships throughout the region, far-reaching resources, and an impeccable reputation worldwide. With its extensive shipping capacity, as well as thousands of containers, trailers, and other intermodal components, Crowley ensures the reliability of every link in your supply chain.

IN THIS SECTION:

Trucking

Dupré Logistics • www.duprelogistics.com

With specific emphasis in the chemical, consumer products, and beverage industries, Dupré's unique solutions provide expertise in dedicated fleets, transportation management/brokerage, materials handling, and reverse logistics. Dupré works to understand your business and measure how our system meets your expectations.

FLS Transportation Services • www.flstransport.com

With 75 years of combined experience between 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.

Landstar System • www.landstar.com

Landstar, a safety-first transportation services company, provides complete logistics services throughout the United States, Canada, and Mexico. Landstar's extensive brokerage network increases customer options as it brings a wider array of equipment options to handle the toughest transportation challenges. With innovative use of Internet technology, Landstar communicates in every medium, from the most sophisticated satellite tracking systems to the simplest pagers. That means customers know where their shipment is every step of the way, with every carrier selected. You'll find complete details on our Web site.

Lynden Logistics • 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.

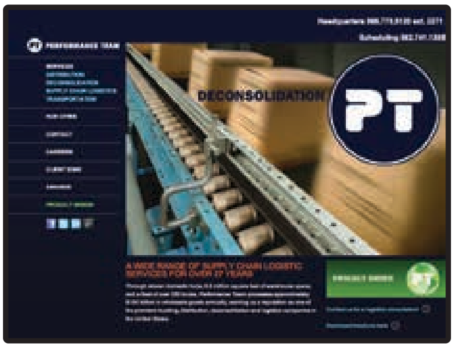
IN THIS SECTION:
Trucking

Menlo Worldwide • www.menloworldwide.com

Some of the toughest, most complex logistics challenges in the world are met with customer-specific IT solutions engineered, installed, and managed by Menlo Worldwide. When it's time to cut waste and cost from your supply chain, think Menlo Worldwide. To learn more, visit us at www.menloworldwide.com.

NFI • 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.



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 11 domestic hubs, over 5.1 million square feet of warehouse space, and a fleet of more than 400 trucks, Performance Team's skilled team of employees processes approximately $100 billion in wholesale goods. See why Performance Team continuously earns a reputation as the premiere trucking, consolidation, and distribution company in the United States; log on to www.ptgt.net.

Pilot Freight Services • www.pilotdelivers.com

Pilot Freight Services is a full-service transportation and logistics company with more than 75 locations throughout North America and a worldwide network of overseas agents, offering global coverage in more than 190 countries. As your transportation and logistics experts, we equip you with everything you need to move your cargo, delivering your shipments by air, land, and sea, anywhere in the world. To learn more, contact our 24/7 Customer Service Center at 1-800-HI-PILOT.

RR Donnelley Logistics • www.rrd.com

Experience the benefits that only come from working with a major global shipper that is also a top-ranked 3PL. We offer multiple transportation modes, an established multi-carrier network, volume-leveraged rates and service levels, along with technology-enabled systems and processes. Visit our Web site and contact us today to see why customers have relied on us for nearly 150 years.

Saia LTL Freight • www.saia.com

For nearly 90 years, Saia LTL Freight has been providing customers with fast, reliable regional and interregional shipping. With 147 terminals located in 34 states, Saia LTL Freight offers a range of products and services that are backed up by a guarantee like no other in the industry. Our Customer Service Indicators, or CSIs, allow us to measure our performance each month against a set of six indices that our shippers said are the most important to them.

Standard Forwarding • www.stdfwd.com

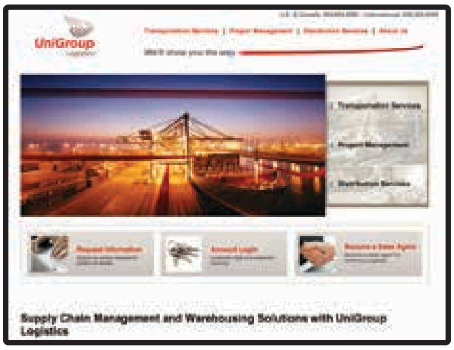
Standard Forwarding has grown from a dedicated contract carrier for John Deere to a diversified Midwest regional LTL carrier. With service in a five-state region that includes Illinois, Indiana, Iowa, Minnesota, and Wisconsin, Standard also provides service to Omaha, Neb., and St. Louis, Mo. Standard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

TMW Systems • www.tmwsystems.com

TMS solutions from the company that drives ground transportation in North America. Extensible, enterprise-ready software for companies that manage or provide transportation services – from shippers and logistics service providers to private and dedicated fleets to bulk carriers, LTLs, truckload carriers, and pure, non-asset-based freight brokerage. It's not dispatch software, it's Enterprise Transportation Software, from TMW Systems.

IN THIS SECTION:

Trucking – WMS



UniGroup Logistics • www.unigrouplogistics.com

Managing a supply chain is complex. And your business is unique. Let UniGroup Logistics design a solution tailored to your needs. We'll show you the way to a more efficient logistics solution. UniGroup Logistics is a new name, but the foundation of the company is well-established. It is built on the heritage of United Van Lines and Mayflower Transit, trusted providers of reliable specialized transportation and logistics services for more than 50 years. Based on a network of 1,300 service centers in 146 countries, we are a single source for customized supply chain solutions. Whether your supply chain is domestic or international, UniGroup Logistics manages a global network of resources to show you the way to seamless, dependable, and efficient solutions.

Werner Enterprises • 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.

TRUCKING-LTL

Weber Logistics • www.weberlogistics.com

Weber Logistics combines a large west region distribution center network (19 facilities across CA, AZ, NV and UT) with a region-wide LTL delivery network for integrated retail distribution, including temperature-controlled deliveries. Weber works with retail customers to set appointments, then delivers to DCs and stores within precise shipping windows to avoid chargebacks. Multiple freight transfer points support deliveries from the Rockies to the Pacific Coast. LTL services include same-day delivery, pool distribution, and DSD.

WMS

Suntek Systems • www.ilogisys.com

Suntek provides its logistics management software, *iLogisys*, for freight forwarders, NVOCCs, 3PLs, and customs brokers. As the company's flagship solution, *iLogisys* offers simple and efficient methods of logistics operation, collaboration tools between related parties, extensive supply chain visibility, B2B EDI connectivity, and more control over business management. The cost-effective and feature-rich *iLogisys* products boost your customer satisfaction, and increase sales opportunities for business growth.

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.

Amber Road

TITLE: ***The ROI of Automating Trade Compliance***

DOWNLOAD: *http://bit.ly/16KkCfm*

SUMMARY: While many organizations see trade compliance as a cost of doing business, companies that automate their trade compliance program can realize productivity savings of up to 90 percent. Amber Road's whitepaper, *The ROI of Automating Trade Compliance*, examines how automating compliance processes can yield a notable return on investment, while also addressing the key challenges compliance professionals face on a daily basis.

Weber Logistics

TITLE: ***Choosing a 3PL for Food Product Distribution: 5 Critical Areas to Evaluate***

DOWNLOAD: *http://bit.ly/1cdm1jX*

SUMMARY: You know the perils of food logistics. Let your guard down, and a truckload of perishables turns into an unsellable mess. Or you get stuck with racks full of canned goods nearing their sell-by date. The right 3PL can help you avoid those pitfalls, while cutting your costs and keeping you compliant with relevant government regulations. How do you know which 3PL to trust with your food shipments? Download this paper to learn the five essential questions every food shipper should ask.


They answered the call and are waiting for yours.
Hire leadership.
Hire a Vet.
Hire a Veteran.
Sponsored by *Inbound Logistics*

WhitePaperDigest

enVista

TITLE: ***Out With the Old – In With the New! Managing Inbound Freight Fuels Greater Efficiencies***
DOWNLOAD: *http://bit.ly/17AnFYI*
SUMMARY: Need to reduce transportation costs? Inbound transportation is an area rich with opportunity. In this whitepaper from enVista, you will learn how Transportation Management Systems have evolved to better address expanding inbound requirements, and ways to reduce your transportation spend.

UTi Worldwide

TITLE: ***Developing a Roadmap Toward Global Vehicle Platform and Supply Chain Harmonization***
DOWNLOAD: *http://bit.ly/1bMUNk1*
SUMMARY: The 2008 global recession fundamentally changed the way automotive OEMs design, source, build, and sell vehicles. Accelerating consumer demand for new models, and the adoption of global platform strategies, require greater collaboration among OEM partners deeper in the supply chain. To learn more, download UTi Worldwide's whitepaper now.

TMW Systems

TITLE: ***Five Warning Signs of an Inefficient Fleet – and How to Avoid Them***
DOWNLOAD: *http://bit.ly/1d746wL*
SUMMARY: A fleet operation is inefficient whenever vehicle capacity goes unused, when vehicles put on more miles than necessary, and when drivers sit at the wheel instead of serving customer needs because of poor scheduling and inefficient routes. If you know what to look for, there are five warning signs of fleet inefficiency that can also point to cost savings and productivity opportunities.

Kane is Able

TITLE: ***LTL Secrets Revealed! How Pool Distribution and Retail Consolidation Can Lower the High Cost of LTL Freight***
DOWNLOAD: *http://bit.ly/149tE4x*
SUMMARY: For smaller shippers, there are alternatives to the higher cost and unpredictable schedules of LTL carriers. A new Kane whitepaper, *LTL Secrets Revealed*, explores some of these collaborative freight strategies, including pool distribution and retail consolidation. It also shares some secrets that LTL carriers don't want you to know, such as how legacy costs inflate their rates and how shipments can take longer than you'd expect. Read more in this Kane whitepaper.

Share your whitepaper with *IL* readers!

WhitePaper Digest **is designed to bring readers up-to-date information on all aspects of supply chain management. We're building a database of SCM whitepapers, and you can help. E-mail us with whitepaper recommendations: editorial@inboundlogistics.com**

The leaders in logistics, literally at your fingertips.

Available on the App Store

The all-new 2013 Planner for iPad®

For years, you've relied on *Inbound Logistics'* annual Planner for key information on the leading companies in the industry.

Now, in addition to the print issue, the online Planner, and our digital edition, we've created an iPad optimized version of this invaluable resource to have in your hands without needing your computer or an Internet connection. The new iPad Planner includes all the in-depth company profiles from the 2013 Planner—many enhanced with slideshows and video—and some online/tablet exclusives.

Built-in links connect you to each company via the iPad's Mail app, and to its web site using a built-in browser, so you can dig deeper without ever leaving the app.*

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* E-mail and links to external web sites requires an internet connection.

INBRIEF

NEW SERVICES & SOLUTIONS

American Airlines started nonstop, full-cargo service from Indianapolis to Dallas/Fort Worth, Chicago O'Hare, and Los Angeles. In addition, the airline expanded cargo service at New York's LaGuardia Airport, San Diego, Atlanta, Costa Rica, and Liberia.

//Technology//

Freight forwarder and customs broker **Livingston International** now provides U.S. Customs and Border Protection's (CBP) *Broker-Importer Self-Assessment Pre-Certification*. The software helps mid-sized importers monitor their own global trade compliance in exchange for CBP benefits, including exemptions from comprehensive customs audits, and expedited cargo release.

Wasp Barcode Technologies released *Package Tracker*, a solution that reduces the number of lost and misplaced packages by enabling users to track package delivery by recipient, location, and delivery time. All information is stored in a database that users can access in real time.

Information management services provider **3E Company** released *3ESC*, a supply chain compliance platform. The software mitigates supply chain risk by supporting initiatives including compliance assurance, supplier engagement, reasonable country of origin inquiry due diligence, obtainment services, and information and documentation management.

Newgistics, a provider of e-commerce services for retailers, released an end-to-end solution that offers Web design, implementation, integration, hosting, and support services, as well as order management technology, order fulfillment, parcel delivery, and returns management.

Storage product manufacturer **Akro-Mils** expanded its ShelfMax line of plastic storage bins to include five new sizes. The bins are now available in 12 sizes and six colors, and include 85 percent more holding capacity than comparable storage bins.

Kewill, a provider of multimodal transportation and logistics management solutions, released a series of mobile applications for iOS and Android devices. The tools allow shippers to provide updated routes to drivers, as well as monitor progress in the field.

Supply chain software solutions provider **JDA Software Group** released the latest version of its supply chain planning suite, which features more than 20 applications, including inline analytics, process-driven workflows, packaged event-response levers, consolidated demand signals, and in-memory technologies.

NGC Software launched Version 14 of its product lifecycle management, supply chain management, and enterprise resource planning software solution. New features include improved costing functions, mobile device support, materials requirement planning, and a business intelligence dashboard.

//Transportation//

Ocean freight consolidator **CaroTrans** introduced a direct, weekly less-than-containerload and full containerload export service from Houston, Texas, to Rio de Janeiro, Brazil. Transit time is 25 days.

Israel-based ocean carrier **ZIM Integrated Shipping** began weekly container shipping service out of the Port of New Orleans. The service runs to Caucedo, Dominican Republic; Altamira and Vera Cruz, Mexico; and Kingston, Jamaica, where it connects to the company's global trade routes.

Wallenius Wilhelmsen Logistics (WWL) expanded its ocean transportation service from Veracruz, Mexico, to the U.S. East Coast. The service offers two to three sailings per month, and connects with routes across WWL's global network.

The PM23c bar-code label printer from **Intermec** is designed for applications such as airline services, manufacturing, and retail, and features a full-color touchscreen, multilingual Web-based device management interface, WiFi and CCX certifications, and optional Bluetooth connectivity.

//Services//

The Port of Brunswick, Ga., began operating as the port of entry into the southeastern United States for auto manufacturer **Subaru**. The automaker now imports five vehicle models through the port, allowing for distribution from North Carolina to Florida.

Old Dominion Freight Line opened a location southwest of Chicago. The 100-door Chicago West Service Center's coverage area includes West Chicago, Crest Hill, Joliet, Aurora, Romeoville, Bolingbrook, Naperville, Woodbridge, Downers Grove, New Lenox, Westmont, Wheaton, and Batavia.

Supply Chain Solutions leased a 70,000-square-foot warehouse in Carol Stream, Ill. The facility has 11 dock doors, two drive-in doors, and 28-foot ceilings to handle distribution, kitting, assembly, inspections, deconsolidation, and crossdocking.

CEVA Logistics, a global third-party logistics provider, began operating a new logistics center in Singapore's Tampines LogisPark. The LEED platinum-rated facility can serve multiple companies, including those in the aerospace engine industry.

Hawaii-based **Approved Freight Forwarders** moved its California operations from Santa Fe Springs to City of Industry. The new facility has storage for more than 150 containers, and can accommodate less-than-containerload, full containerload, and oversized freight, as well as flat racks.

Logistics solutions provider **Bender Group** leased a 50,296-square-foot facility in Kansas City, Kansas. The fulfillment center serves the central United States, and allows the company to ship to 98 percent of the country within two days.

Damco obtained a license to provide logistics services in Myanmar, Southeast Asia. The 3PL set up a container freight station in Yangon, and will soon open an office in the country.

Forklift manufacturer **Mitsubishi Caterpillar Forklift America** plans to open a parts warehouse in São Paulo, Brazil. The new warehouse will localize parts availability to support growing demand in the region, and is scheduled to open November 2013.

//Products//

Instrumented Sensor Technology released Version 2 of the ShockTimer-Plus 3D. The reusable, battery-powered instrument records cargo-handling quality during shipment for hazardous impact, drops, or atmospheric conditions.

The new UltraBot IE robotic automated storage and retrieval system from **Integrated Systems Design** delivers totes, boxes, and cases to one or more workstations in support of a wide range of high-speed order-handling applications, including order picking and fulfillment, returns and reverse logistics, order consolidation, buffering, sorting, staging, kitting, and work-in-progress.

BEUMER's stretch hood high-performance packaging machine secures goods on a pallet, minimizes film consumption, and protects product against external influences. The machine can be used in a range of industries, including food and beverage, building materials, electronics, and pharmaceuticals.

October 20-23, 2013, CSCMP Annual Global Conference, Denver, Colo. The Council for Supply Chain Management Professionals' (CSCMP) Annual Global Conference offers supply chain management practitioners the opportunity to learn ways to cut supply chain costs, improve the bottom line, discover new ideas to keep supply chains competitive, and find solutions to improve supply chain efficiency.

630-574-0985
www.cscmpconference.org

October 28-30, 2013, ASTL Annual Conference: Sino-American Logistics Conference and Yangtze Mississippi River Forum, Chicago, Ill. This annual American Society of Transportation and Logistics conference features corporate CEOs, U.S. government officials, and Chinese representatives focusing on the future of trade relations between the two countries. Presentations will concentrate on issues impacting logistics in the United States and China.

202-580-7270
www.astl.org

November 4-6, 2013, SCMChem 2013, Phoenix, Ariz. Addressing the supply chain concerns of chemical manufacturers, this Worldwide Business Research conference provides the insight and strategies necessary to maximize resiliency and security within the entire value chain. Roundtable discussions, panel debates, and case studies deliver opportunities for peer-to-peer benchmarking and customized learning.

888-482-6012
www.scmchemical.com

November 6-7, 2013, 28th Annual SCMI Fall Forum, San Diego, Calif. The Supply Chain Management Institute's annual fall forum features a mix of real-world industry case studies, interactive workshops, and group discussions to provide attendees with best practices and lessons learned related to managing complex global supply chains. Special emphasis will be placed on strategic issues such as offshoring, nearshoring, and reshoring.

619-260-7903
bit.ly/SCMI2013

November 17-19, 2013, IANA Intermodal Expo, Houston, Texas. The Intermodal Association of North America's 31st annual trade show highlights the latest products and services for freight transportation and distribution operations. Shippers come together to network, attend educational sessions on the latest industry issues and challenges, and visit exhibits that showcase new transportation products and services.

301-982-3400
www.intermodal.org

November 20-21, 2013, CIO Transportation Summit, Scottsdale, Ariz. The CIO Transportation Summit brings together transportation executives, solutions providers, and thought leaders to examine critical technology issues affecting freight operating and logistics organizations. Attendees will discuss cloud-systems integration, business alignment, and collaboration.

312-374-0805
www.ciotransportationsummit.com

December 4-5, 2013, Reinvesting in American Manufacturing, Houston, Texas. This event is designed to help supply chain, procurement, operations, and logistics executives address topics such as disruptive changes to the supply chain, investing in new manufacturing facilities, transforming infrastructure, and adopting new technologies in order to stay competitive.

886-670-8200
bit.ly/ReinvestMfg

January 29-30, 2014, Cargo Logistics Canada, Vancouver, BC. This conference addresses the needs of businesses that contract the flow of goods through Canadian supply chains. Panels and seminars will discuss how to drive change in your supply chain, mitigate the risk of global outsourcing, look forward to the next 20 years of NAFTA, and rethink offshore sourcing to minimize landed cost.

877-739-2112
www.cargologisticscanada.com

February 10-13, 2014, Reverse Logistics Association Conference & Expo, Las Vegas, Nev. This conference covers reverse logistics-focused topics for original equipment manufacturers, retailers, and third-party service providers. Attendees can participate in a workshop on maintaining food safety during transportation, and join discussions on building and implementing a returns management strategy, asset management, choosing a service provider, streamlining warranty reverse logistics, and minimizing repair costs.

801-331-8949
www.retailsupplychain.org

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207-781-9632
www.sustainability-in-packaging.com

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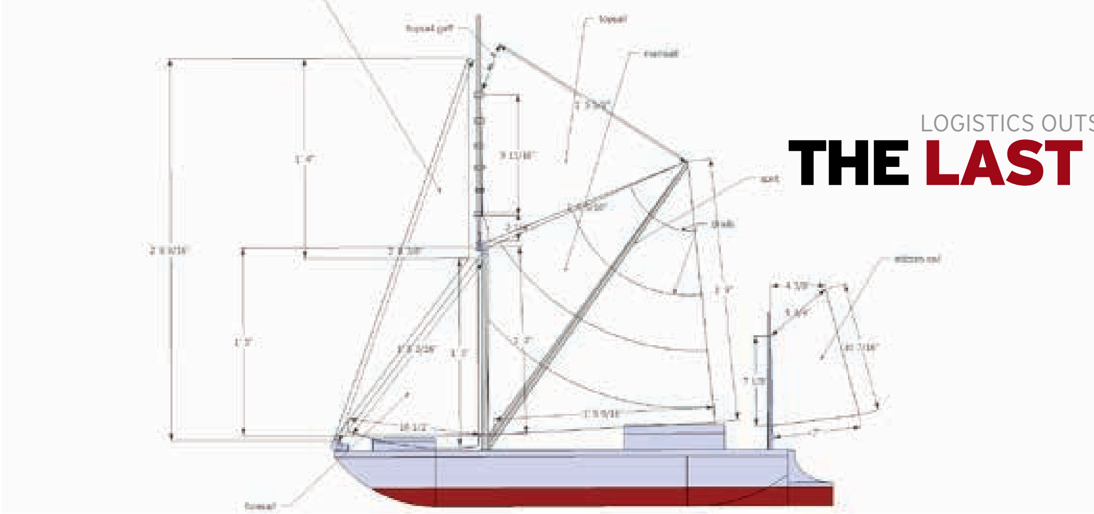

Delivered by Sail

In a new spin on food logistics, the Vermont Sail Freight Project launches in October 2013, delivering sustainably farmed, shelf-stable products from Vermont's Champlain Valley and the Adirondack region to New York City—via sail-powered river barge.

Constructed from ordinary lumberyard materials and epoxy sheathing, the newly built 40-foot sailing vessel *Ceres*—named for the Roman goddess of agriculture—will carry up to 15 tons of potatoes, carrots, garlic, apples, dry beans, flour, and rice, plus packaged goods such as jam, honey, pickles, and maple syrup.

During the 10-day, 300-mile journey along the Champlain Canal-Hudson River waterway, *Ceres*' stops will include ports in Albany, Hudson, Poughkeepsie, Brooklyn, and Manhattan. Individuals, retailers, and restaurants who have pre-ordered items can track the vessel's progress on the project's Web site, then receive their purchases dockside, or arrange bike-powered last-mile delivery to their door.

For the backhaul, the project's organizers hope to source fair-trade coffee and chocolate from New York City. On return to Vermont, *Ceres* will be stored for the winter, then embark on a full season of round-trip journeys in April 2014.

***Ceres* under construction (inset) and afloat.**

Photos courtesy of the Vermont Sail Freight Project.

3 WAYS LOGISTICS CAN KEEP HIGH-TECH CUSTOMERS COMING BACK.

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