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

*Inbound Logistics* assembled a team of supply chain 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

# Co-locating Reverse and Forward Logistics Unlocks Value of Returns

**Q: Why is reverse logistics an important function in today's consumer electronics supply chain?**

**A:** Companies are trying to extend product lifecycles, as well as maximize asset recovery value. If they spend money to make a product, they want to recapture as much of the original cost as possible.

Consider that 65 to 70 percent of consumer electronics returns have no problems—a consequence of buyer's remorse or lack of understanding about the product. Manufacturers and retailers that turn viable assets, and make them available quickly for resale, can defer investment in new inventory, which carries both cost and sustainability considerations.

**Q: How is strategy evolving to streamline reverse logistics processes?**

**A:** Co-locating reverse and forward logistics functions together instead of using a centralized returns model is one way to reduce transportation miles, touches, and facility overhead while increasing turn times.

Typically, a customer with a defective item ships product back to the distribution center, then the third-party logistics (3PL) provider delivers it back to the contract manufacturer. Or returns may go to a centralized center where units are processed to finished goods, liquidation, or sorting facilities. This approach brings multiple hand-offs and associated costs.

Co-locating reverse and forward logistics in one facility allows shippers and 3PLs to determine whether a unit is good or bad, make minor repairs, sub-contract for more technical board work, return the item to the manufacturer, or repackage working units with accessories, then put them directly back into the proper resale channel—all in one stop. Immediate receipt verification also allocates credit back to the customer more quickly.

As part of the refurbishing process, companies can also record and report components that are routinely defective. Manufacturers can then ask their engineers to troubleshoot whether problems are a result of supplier or consumer error; or perhaps even identify new ways to design certain devices to extend their lifecycle.

**Q: How does technology play a part in expediting returns?**

**A:** Up to 12 percent of consumer electronics sales are returned. Processing high-velocity items quickly is the key to realizing and recouping whatever value remains in an asset.

From a technology perspective, having a tier-one reverse logistics system allows companies to receive advance shipping notices, then compare that information against products to validate and verify reporting and analytics. This also helps identify disposition strategies associated with certain assets.

For example, if an inexpensive part is defective or cosmetically blemished, it's likely not worth repairing. The system builds in business rules at the item level, so it knows whether the value of a unit justifies refurbishment. If not, the process stops, and the product goes to the scrap heap to capture any leftover commodity value.

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CHAD BURKE
Director Supply Chain Excellence,
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# Developing a Comprehensive Transportation Strategy

**Q: What advice do you have for companies attempting to optimize their inbound freight?**

**A:** It's worth the effort. Traditionally, companies have focused on low-hanging fruit, such as improving efficiencies and reducing outbound transportation costs. Overlooked is the more difficult task of managing inbound transportation, which can often be multimodal, multi-leg, and international.

Companies need to think outside the box to find ways of overcoming traditional roadblocks: poor data quality, lack of trading partner collaboration, limited visibility, and not enough communication between purchasing and logistics departments.

Fortunately, the playing field has changed for inbound logistics with the emergence of the functionality-rich, on-demand enterprise transportation management system (TMS). Now it is possible—and affordable—for companies to take control of their entire end-to-end transportation network, allowing them to maximize leverage, own carrier relationships, improve efficiencies, reduce inventories, and maximize cost savings.

**Q: What does the future hold for inbound transportation planners?**

**A:** Advancements in transportation technology are occurring more rapidly than ever. It's all about control—you need to arm transportation planners with the best transportation management technology to give them the control they need to provide a competitive edge for your company. Companies are replacing their outdated freight management tools with new systems that give planners visibility to the company's entire transportation supply chain—inbound and outbound—and allows them to plan across the entire network to drive improved service and lower cost.

Planners are increasingly responsible for working with purchasing departments to reduce the total cost of sales, and for evolving the transportation department from a traditional cost center to a profit center. The ability to route, plan and optimize, select carriers, tender, track and trace, manage exceptions, and automate and manage freight audits will be common practice for inbound planners of the future.

**Q: What is the most common mistake that companies make when trying to improve their inbound logistics?**

**A:** Not having a plan. Many companies don't have a comprehensive transportation strategy because of top-down initiatives developed at the corporate level. The cost-cutting culture that often prevails in today's boardrooms can negatively affect logistics departments. Taking action for short-term gain can distract companies from doing things the best way. An overall transportation strategy includes short-term and long-term goals, and initiatives across more than just the logistics department. A sound strategy takes into account inventory planning, vendor compliance, partner collaboration, leveraging the entire transportation network, customer demand, and fully landed product cost, among others. A rich and robust TMS plays an important role in a company's inbound transportation strategy.

DAN VERTACHNIK

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# SaaS-Based TMS Empowers Global Freight Management

**Q: What are the biggest challenges facing shippers in today's economic environment?**

**A:** In today's volatile market, managing transportation domestically and globally is a key factor for a more efficient and cohesive supply chain. Many businesses still use manual methods to manage freight, with no way to measure service or performance. Other companies are bound to installed/hosted legacy transportation management systems (TMS), which limit the flexibility and visibility necessary for end-to-end supply chain management. With limited metrics and no best practices, companies struggle to improve services and reduce transportation costs.

Additionally, as more companies expand overseas and offshore, multi-country compliance is quickly becoming a challenging factor of transportation management.

**Q: How can today's shippers effectively manage domestic and global freight?**

**A:** To support global initiatives, shippers should consider leveraging a Software-as-a-Service (SaaS) TMS with domestic and global functionality. True global logistics technology enables companies to successfully manage all modes of transportation—domestic and global—under a common umbrella while providing complete visibility and direct collaboration between shippers and carriers.

By leveraging a global TMS, shippers are empowered with a comprehensive solution for managing domestic and cross-border freight that directly impacts the bottom line. Automated communications, processes, and workflow between supply chain partners allow companies to improve efficiencies while gaining visibility into freight payment and discrepancies before they impact the company's finances.

Global transportation technology bridges the gap for multi-divisional enterprises, enabling domestic and global logistics management in a centralized system that delivers significant value for shippers and carriers.

JON KUERSCHNER
Senior Vice President, Sales & Marketing
LeanLogistics

**Q: How can companies looking to expand internationally leverage a TMS?**

**A:** A TMS with both domestic and global functionality provides scalability for those companies that are currently handling domestic freight while looking to expand into international territories, or even those companies that are currently managing international freight outside of their domestic processes but need one flexible platform for domestic and global transportation.

Furthermore, with a true SaaS TMS solution, companies have visibility to true total landed costs and lead-times to make better sourcing decisions while monitoring and managing supplier performance all over the globe.

A true SaaS solution for transportation management enables companies to reduce overall transportation spend; gain visibility into domestic and global transportation processes; improve collaboration between all global partners of the supply chain; and scale and quickly adapt technology based on domestic and global needs.

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# 3PLs Control Loads to Provide Shippers Superior Service

**Q: Third-party logistics (3PL) companies face many challenges with each shipment they manage. Why is it critical for 3PLs to take control of their shipments?**

**A:** In today's difficult economy, shippers look for efficiencies such as maintaining smaller inventories and scheduling employees to unload freight at key consumption and/or distribution times. This demand only increases the importance of on-time deliveries.

All 3PLs know that when you put a person, a truck, and Mother Nature together, many things can go wrong. Today's 3PLs must think and operate differently than yesterday's brokers did. They need to influence all aspects of the shipping process.

**Q: What can a 3PL company do to gain more control through today's technology?**

**A:** Web-based load boards such as Internet Truckstop and TransCore allow 3PLs to access real-time carrier information through their Federal Motor Carrier Safety Administration-issued Motor Carrier Number. 3PLs can check the driver's insurance, authority, driving records, and CSA 2010 scores to grade drivers quickly, and better manage safe and on-time deliveries.

They can also communicate with drivers through smartphone apps such as MacroPoint, which is similar to a GPS system, and can easily track drivers to provide the same level of oversight as a company that owns its trucks.

**Q: How does a 3PL's insurance coverage factor in?**

**A:** All 3PLs must decide whether to use contingent cargo insurance or primary cargo insurance. Contingent costs less than primary, which is a factor for some companies. Primary cargo insurance, however, demonstrates willingness to take direct responsibility over shipments, which instills customer confidence. Depending on the shipper the 3PL is working with, it can be the deciding factor in getting a load or not. In the long run, the additional expense of primary insurance is worth it because it demonstrates greater commitment to customers.

**Q: How will investing in greater shipment oversight benefit your 3PL company over time?**

**A:** 3PLs can set themselves apart from other providers by taking as many steps as possible to show shippers a higher level of responsibility over their freight. You can't just be a broker today. You must be able to accurately track shipments, know contract carriers and their drivers well enough to completely trust them, and take responsibility for every job.

Not every company can implement all of these processes at one time, but 3PLs can take small steps along the way to inspire shipper confidence.

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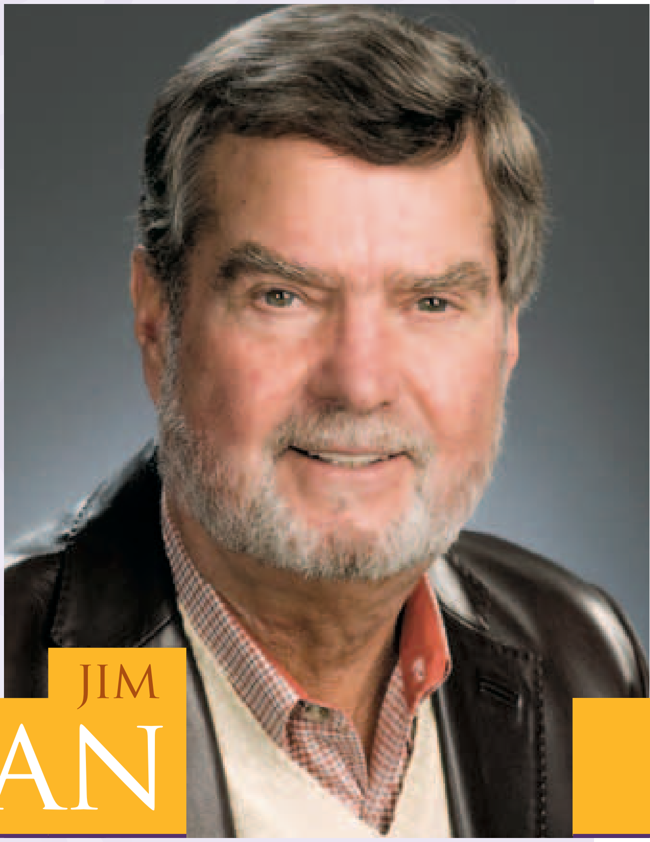


JIM SYFAN
Chief Executive Officer
Syfan Logistics

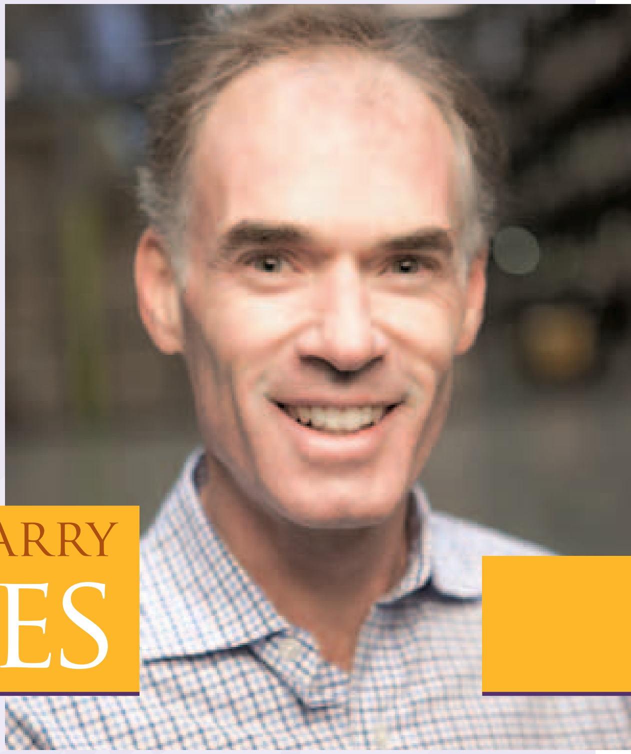
# Harnessing the Power of Information Technology

**Q: How do you squeeze the most reliability, accuracy, and cost efficiency out of today's supply chain?**

**A:** Smart information technology (IT) is fundamental to success. Leading manufacturers know the importance of effective logistics management. Getting your product to the right place, just in time, and exactly as the retailer demands is crucial to the bottom line.

**Q: How does IT transform logistics management?**

**A:** Technology tools provide actionable data for supply chain improvements, cost efficiencies, on-time performance, and customer satisfaction. With every shipment, IT supports better methods and cost-effective processes to streamline your business, and manage today's supercharged supply chain with better results. It's mandatory for supplying mass retailers.



GARRY NEEVES

Vice President,
Regal Logistics

**Q: What types of systems are most critical for improving supply chain performance?**

**A:** A combination of tools clearly and instantaneously captures real-time data about a manufacturer's orders, received and distributed shipments, and inventory status, for reliable, accurate operations and efficiently tracking and preventing exceptions. These systems include:

- **Real-time visibility and online shipment tracking.** Access complete visibility of distribution status, harness useful data to ensure just-in-time deliveries and vendor compliance, and ensure immediate visibility of shipment status via the Web. It should be powerful and easy to use, feature advanced dashboards with one-click access to real-time data, and provide enhanced electronic data interchange (EDI) visibility so users can see exactly when electronic files are sent and received and view, print, or download documents.
- **Complete EDI services.** Required by major retailers, EDI saves time and money by ensuring the seamless movement of goods, resulting in lower administrative costs, automatically reconciled accounts, quick turnaround management reports, immediate compliance with retailers' mandates, and improved customer service.
- **Warehouse management systems.** Provides complete end-to-end supply chain support for real-time tracking and visibility of incoming product, shipping and delivery.
- **Transportation management systems.** Locates the best carrier service and rate package, ships freight, and provides detailed, real-time shipment tracking information.
- **Electronic bill of lading technology.** Reduces inaccuracies, time, and costs, and provides instantaneous online shipment details.

Smart use of IT enables more efficient, cost-effective movement of product through the supply chain, and provides actionable data necessary to increase productivity, reduce costs, and give your company a competitive edge. Often the best way to achieve this is by outsourcing logistics services for part or all of your supply chain management functions. In fact, 74 percent of the largest American manufacturers use third-party logistics (3PL) services. An effective 3PL will deliver measurable results by helping you operate more efficiently and keep costs low by using sophisticated, standardized IT as part of its warehousing and distribution services.

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# Tech Tools Serve Retailers' Diverse Needs

**Q: What do retailers need to know about working with 3PLs today?**

**A:** Retailers are challenging third-party logistics (3PL) providers to supplement their offerings with a broader range of services. To obtain and retain business, 3PLs must meet retailers' diverse reporting, visibility, and delivery needs—yet not increase their cost structure.

Achieving this goal is particularly problematic without adaptive software. There is no one-size-fits-all solution for carton tracking. 3PLs using multiple platforms must integrate that data, not only between carton-tracking systems, but also with accounting and other enterprise systems. The more manual integration is required, the more it affects both 3PLs' efficiency and retailers' shipping rates. Logistics providers who choose agile solutions will be better positioned to meet retailers' varied needs.

Additionally, 3PLs with data visibility at both the micro and macro levels can offer better performance. It's critical to be able to see what's in any carton, at any time, anywhere in the delivery process. But it's also important to have big-picture visibility, such as on-time delivery and on-time performance across the enterprise.

CHANDRA
ALLRED
Chief Operating Officer
PCSTrac

**Q: What technology trends have the most impact on retail distribution?**

**A:** One trend with a lot of potential is the ability to repurpose data across functions. Automating a single process increases efficiency, but when the data from the automation of one process can be shared to automate another process elsewhere in the enterprise or supply chain, it can create an exponential advantage.

For example, many retailers use data provided in carton tracking to populate enterprise systems. It's a seemingly obvious, but very innovative, idea that does away with the previous model of re-scanning cartons at the store. If only one hour per week of time were saved at $10 per hour at 1,000 stores, the annual savings would be $520,000 – simply by eliminating the need for store personnel to re-scan cartons.

Innovations like this save not only pure labor costs, but also the opportunity cost associated with pulling associates off the sales floor. It's a classic example of using technology to enable employees to focus on the activities of their core business.

**Q: What should retailers consider when choosing a technology provider?**

**A:** Every retailer faces a unique set of business challenges. Technology providers should offer innovative ways to modify applications to meet these needs. Whether it's a variation of distribution center bypass, moving wholesale freight with a carton-tracking system designed for store delivery, or a custom store operations Web site for expected deliveries, customization is key.

Building custom applications from scratch is both time- and cost-prohibitive. For both 3PLs and retailers, investing in a technology partner that supports customization and flexibility at a moderate cost is a strategy for long-term adaptability and growth.

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# Supply Chain Control Towers Offer a Bird's-Eye View

**Q: How can companies better manage their supply chains to gain competitive advantage?**

**A:** Over the past year, the concept of a supply chain control tower has been gaining momentum. A control tower is a single command center for visibility, decision-making, and action, based on real-time data.

NATHAN PIERI
Senior Vice President
Marketing & Product Management
Amber Road

"A supply chain control tower is a central hub with the required technology, organization, and processes to capture and use supply chain data to provide enhanced visibility for short- and long-term decision-making that is aligned with strategic objectives," according to Capgemini Consulting.

It's also a new name for a concept that has been around for a while: fourth-party logistics (4PL). Companies are increasingly realizing that supply chain must become a core competency, and taking on the 4PL role offers them the ability to accelerate collaboration and achieve higher performance levels.

The control tower represents the common processes enabled by cloud-based technologies, such as configuring a set of services to business units and trading partners across a supply network. These services start with a basic function: collecting and aggregating all orders, shipments, inventory, and status. This information is linked to other enterprise systems to provide global visibility, then transformed to become the input for supply chain execution solutions.

The control tower is a hub that must go beyond visibility to provide integrated global logistics and trade compliance services. Based on a company's supply chain segmentation strategies, these services must be configured to support the needs of business units and the key fulfillment attributes of a product line. Control tower managers can decide how to distribute the services by determining the correct mix of centralized and decentralized execution for their supply chain design.

**Q: What are the advantages of a supply chain control tower?**

**A:** Having one global supply chain system and standardized processes gives companies the flexibility to plug in new logistics providers as needs change, or quickly assimilate new businesses. The control tower reduces the risk of getting locked into using an external provider's system, and changes the balance of power in a relationship. Control tower managers have the visibility and data-driven analysis of service levels to objectively manage each provider. Similarly, new businesses can be plugged in with standard interfaces and highly configurable processes.

By collecting the mountain of data from the daily orchestration of supply chain processes, control towers also offer unique insight into performance. With business intelligence tools, managers can perform "what-if" analyses to optimize sourcing or distribution decisions, pinpoint a process breakdown that results in inventory builds, and right-size inventory based on actual cycle times and variability.

Whether applied by a control tower or 4PL, today's technology enables global supply chain teams to tame complexity and control their own destiny.

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# Improving Reverse Logistics Moves Shippers Forward

**Q: How can shippers improve their reverse supply chain?**

**A:** Amid today's higher fuel and transportation costs, technology becomes critical as companies search for efficiencies within the supply chain. The reverse supply chain has historically been viewed as a cost center and is often overlooked as a place where profit can be found.

In the reverse supply chain, product is often returned as an "each" rather than a full case, creating the need for systems to capture data at a more granular level. Even though goods are returned, they often still have value in the market. This creates the need to extract the value from returned and unsold product using technology to ensure the greatest yield.

In addition, efficiencies can be found within the supply chain by using a nationwide network of reverse logistics facilities and a highly skilled team of supply chain field analysts. This network reduces transportation and handling costs, as well as carbon footprint, which is important for cost savings and sustainability efforts.

Shipping returns to facilities closer to customer locations and retailer or manufacturer distribution centers helps achieve these efficiencies. Supply chain analysts in the field can monitor inbound shipments to provide valuable data for improving the supply chain and implementing changes to reduce damage.

Even more critical is how technology helps manage returns for highly controlled industries such as pharmaceuticals. A solid system with visibility and proper reporting can help mitigate risk for clients. Also, having strong technology in reverse logistics centers can provide limited touchpoints, automated sorting, and flexibility that allow monitoring and compliance with ever-changing government regulations.

In 2012, information is king. Web tools that provide retailers and manufacturers visibility into their supply chain are critical to continuous improvement. Developing tools such as watch lists and benchmarking helps trading partners make better business decisions by increasing the collaborative discussion between them. In today's environment, technology enables those collaborative discussions that are critical to improving the reverse supply chain.

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JEFF PEPPERWORTH

President, Supply Chain and Healthcare Networks
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# Helping Shippers Do More With Less

**Q: What challenges or issues are shippers facing in an era of globalization?**

**A:** Our world has certainly become a much smaller place, but our challenges have only increased. Coupled with a tough economic climate, the need for greater supply chain visibility is paramount. Transportation costs over the past several years have come under greater scrutiny, and as shippers are challenged to do more with less, a company's operational business intelligence is crucial to streamlining and optimizing its global supply chain.

Over the past 40 years, freight audit and payment providers have been a key source of data for North American companies to gain insight into their supply chains. As the freight audit and payment industry continues to evolve, shippers are now looking for a solution that can provide a single, global data warehouse, as well as state-of-the-art analytical tools that will allow them to realize greater visibility and efficiencies, while reducing costs on a global scale.

KEITH SNAVELY

Senior Vice President, Global Sales & Marketing nVision Global

Today, a number of global freight audit and payment providers can help shippers gain valuable insight into their global supply chains while overcoming numerous challenges, including harmonizing multiple currencies, capturing information in foreign languages, cleansing data, and meeting archival requirements.

**Q: What should shippers look for when selecting a global freight audit and payment provider?**

**A:** Shippers looking for a truly global solution should ensure potential providers have a firm understanding of regional as well as global requirements, such as VAT compliance and documentation archival requirements. The provider must also possess experience in implementing complex processing requirements.

Shippers should also ensure potential providers have strategically placed, global, full-service processing centers with a multi-lingual staff that can provide regional support.

Extensive line-item data capture is critical to providing customers the visibility they require. Other considerations shippers should look for are Web-based, state-of-the-art analytical tools, including dashboards; collaborative exception management applications; imaging technology; the ability to provide complex general ledger account coding; and the ability to remit payment in numerous currencies.

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# Partnership: The Key to Supply Chain Efficiency

**Q: How can value chain partners cooperate to create and share efficiencies?**

**A:** Sharing supply chain best practices has become critical to achieve the continuous improvement required for success in driving value for clients. The managers, executives, and companies that partner best will win.

In a global environment, no supplier can claim expertise with every function in every country, so achieving effective partnerships is key. Whether you are a niche player or a global giant, you can take steps to draw more value from your partnerships:

- Executive leadership should create an environment that encourages partnerships. Managers must be trained in developing and managing strategic relationships, then have the authority to act on behalf of the company with their partners.
- Value chain partners must be willing to enter into long-term agreements. Improvements often require capital investments, and one- or two-year agreements with 30-day cancellation options do not allow for the meaningful investment that could create breakthrough results. Value chains have become extremely complex, which means there is a learning curve for all parties. It takes time to achieve peak performance.
- Tie compensation and incentives to results achieved, not just tasks performed. This approach takes more work than you find in typical agreements, but allows the partners to develop shared goals and key performance indicators.

**Q: How can today's manufacturers deal with increasing regulations, demand volatility, and shifting global trade currents?**

**A:** Working with a third- or fourth-party logistics provider that can integrate customized vendor, purchase order, inventory, transportation, and warehouse management systems with a manufacturer's current system can facilitate forecasting, planning and execution, and risk mitigation. Whether its demand planning or compliance, offshore risks are infinitely greater because exceptions extend further and reach deeper. Today's supply chains need to be responsive to second-tier manufacturers in a third-world country, resulting in variables that can be mind-boggling. Partnerships are what stand between success and failure.

Manufacturers know that supply chain volatility is one of their greatest operating risks, especially in emerging markets. In 2011, natural disasters in Japan, Thailand, and New Zealand; political upheaval in Asia; debt crisis in Europe; and rising global oil prices all disrupted supply chains.

To manage risks and reduce landed costs, manufacturers are increasingly outsourcing global logistics operations to 3PLs to gain expertise in local regulations and customs rules, and regionalize supply chains through nearshoring.

The glue to the process is global connectivity. Manufacturers must have partners that are an extension of them in the marketplace with their people and systems. Having partners that provide real-time visibility, and deliver the information to managers at the decision point, is a crucial differentiating factor, and much more effective than relying on historical methods when managing for unforeseen events.

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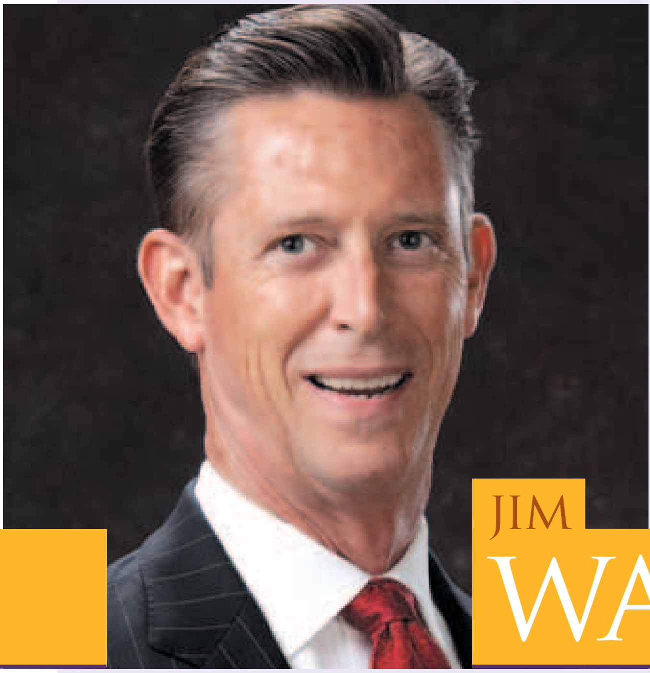

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