

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

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Boost Your Workforce's Value Through Training and Mentoring

Q: What is a company's most important and most often neglected resource?

A: People are the number one resource a company has. Too often they are also the most neglected when it comes to improvements. Companies spend significant resources on trucks, trailers, and technology, but sometimes invest very little in their human capital. Keep your workforce in mind as you budget and set goals for your business, and you'll see a positive return on your investment.

Q: How should companies focus their training programs?

A: Selecting new team members is an important task. Everyone has strengths and weaknesses, and it's important to identify these up front. A good training program

will identify those gaps in skill sets, and help you fill them. Training and continually developing staff also add to the success of individuals within an organization.

In addition, mentoring can be an important part of a training program. Senior personnel possess invaluable knowledge, and can share that with new employees.

You should also ensure that associates coming into your organization from other fields receive knowledge specific to your industry. Too often, people are trained for a specific role without an understanding of the industry as a whole.

For most organizations, effective training involves outside as well as internal resources. External trainers, on a whole, are very effective presenters. But internal staff have specific knowledge that can't be replicated by outside experts. Management should consider whether their training programs are effectively creating future leaders.

Q: How often should companies update their training programs?

A: Training programs must evolve with a growing company. It is important to not only establish training programs, but also to constantly verify that they are working. Training effectiveness can be difficult to measure, but it's not hard to get an overall feel for success.

Businesses should also consider incorporating new technology—such as apps and videos—into their training to make it portable and accessible.

A critical part of a company's success comes from an effective training and mentoring program. Take the time to not only select the right new employees to fill gaps in your organization, but also make sure employees are properly trained. Invest as much in your most valuable resource as you do in other assets.

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A National Standard for Hiring ‘Safe’ Motor Carriers

Q: Is there confusion over what constitutes a safe carrier when screening and contracting for shipments?

A: Most definitely. Unfortunately, the courts are deciding safety standards for carriers, and their opinions vary widely from state to state. This puts contractors—shippers, brokers, forwarders, and receivers—in an awkward position, particularly when something goes wrong, such as a roadway accident. This inconsistency leads to a lot of legal headaches and finger pointing in determining liability. Who’s to blame? Today, there is no consistency in national safety standards for motor carriers. This also represents a problem for carriers, who want clarification in order to operate on a level playing field.



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Q: Doesn’t the Federal Motor Carrier Safety Administration (FMCSA) already set national safety requirements?

A: Yes and no. FMCSA is authorized by Congress to evaluate and revoke the interstate operation authority of unsafe carriers. But the wide range of state court decisions regarding motor carrier safety has caused transportation providers to second-guess the FMCSA. Currently, there are no hiring standards or requirements, creating a void that has allowed some motor carriers to operate without proper licensing and registration.

Q: What is being done to standardize and strengthen safety standards?

A: In May 2014, U.S. Representatives John Duncan (R-TN2), Rodney Davis (R-Ill.), and Erik Paulsen (R-MN3) introduced H.R. 4727 to clarify and standardize industry best practices for hiring safe motor carriers. If it passes, the legislation would prevent the hiring of any motor carrier that is not properly licensed and registered with FMCSA, has not obtained minimum insurance, or holds an “unsatisfactory” safety rating.

H.R. 4727 also eliminates the confusing and conflicting Behavior Analysis and Safety Improvement Categories (BASIC) system, which determines negligence in the selection of an unsafe carrier. Instead, the FMCSA safety rating would become the final word in carrier selection; it would not address gross negligence or criminal wrongdoing.

The Transportation Intermediaries Association (TIA), whose board I serve on, and other transportation industry experts believe H.R. 4727 would do the same for interstate safety liability as does the federal regulation of rates, routes, and services of carriers, brokers, and forwarders (Title 49 U.S.C. Section 14501). Put more simply, interstate commerce requires national oversight, not state-by-state interpretation.

Q: What is the status of the national hiring standards bill for motor carriers?

A: The legislation has been introduced, and currently has four co-sponsors. Supporters of the bill would like to see it included in the Transportation Reauthorization Bill, which is set to expire in May 2015.

Q: Who supports H.R. 4727?

A: Supporters currently include the TIA, the U.S. Chamber of Commerce, the National Association of Manufacturers, the Owner Operator Independent Drivers Association, the United Fresh Produce Association, the Alliance for Safe, Efficient, and Competitive Truck Transportation, and the National Shippers Strategic Transportation Council.

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Choosing Enterprise vs. Software-as-a-Service TMS

Q: What platform options are available to companies investing in transportation management systems?

A: Transportation management systems (TMS) come in two essential forms. The traditional form is enterprise software—applications installed on servers that you buy and maintain. The more recent—though hardly new—form is Software-as-a-Service (SaaS), which is provided and maintained by a vendor on the vendor's servers, and made available to you over the Internet.

Although software users see little or no difference between the two, enterprise and SaaS TMS solutions are very different. In fact, choosing the right system can be the most important decision you make.

Q: What are some of the financial considerations when choosing a TMS?

A: Enterprise software represents a serious upfront investment, whether accounted for as an operating or a capital expenditure. Either way, it is money out of your pocket. If it is borrowed, there is interest to pay. With SaaS, however, you pay as you go, with virtually no major investment upfront. You pay for it like electricity: as you use it. Cost should always relate directly to business activity and thus to revenue.

Equipment costs are another consideration. For SaaS, you only need local computers for your employees to

access the Internet. For enterprise, you must also buy and maintain expensive server hardware, which should be replaced every three years.

Q: What do SaaS and enterprise TMS require of a company's workforce?

A: Enterprise software often entails a disruptive, on-site installation and testing period. SaaS is already up and running, so your employees are ready to work in a fraction of the time.

Maintenance can be an issue, too. At a minimum, enterprise software requires someone to manage anti-virus and security measures. It may even require a full-time IT person. SaaS has no such requirements.

Support and training are always concerns when implementing new technology. The Internet-savvy companies that provide SaaS solutions often offer online webinars and tutorials on demand. That may not be the case with enterprise software providers—especially those who rely on traditional, location-specific training sessions, which can be anything but convenient.

Q: What other technical issues are involved with implementing a TMS?

A: Companies are responsible for backing up their own enterprise system data. This represents an additional expense that might not be obvious initially. But it must be done professionally, or you will have inferior backups. SaaS vendors, however, typically back up data as part of their service.

Upgrades are another important consideration. When you buy enterprise software, you only get today's version—you will pay for tomorrow's version in upgrades as time goes on. Enterprise upgrades are saved up to reduce the costs of installation and distribution, while SaaS upgrades are usually free and transparent, coming online as they are ready for implementation.

SaaS also has the advantage in limiting downtime and securing data, which keeps your business running without interruption.

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