

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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## The Value of a Freight Forwarder

**Q: How do you define a freight forwarder?**

**A:** A freight forwarder is a full-service provider offering multiple levels of transportation and logistics services. It combines the assets of airlines, steamship lines, and trucking companies around the world to build remarkable service and price solutions for a variety of clients—even for individual customers or shipments.

**Q: What valued-added services does a freight forwarder provide?**

**A:** There are many. A freight forwarder can offer EDI billing for seamless data exchange, provide Internet track and trace for easy tracking, unlock extensive global shipping networks to help clients do business wherever and whenever they want, and much more. According to Gerry Post, Freight Forwarding Director at DLS Worldwide (an RR Donnelley company), freight forwarders offering volume-leveraged economies of scale through technology and support are especially desirable because they provide clients with “complete accessibility and visibility from a reliable single source.”

**Q: What are the trade-offs between time and money when selecting a freight forwarder?**

**A:** The two factors that most often dictate client transportation decisions are time and money. Interestingly, clients may not initially realize their importance when selecting the best way to move their cargo. To help them, we often offer this analogy: think of time and money as a classic X-Y graph.

On the X-axis, we have “time” going from slowest (left) to fastest (right). On the Y-axis, “money” extends from lowest price (bottom) to highest (top). Traveling up and to the right on the chart means that shipping speed increases, but so do costs; moving down and to the left means shipping takes longer, but costs less.

We then place shipment solutions on the X-axis as well, arranged from slowest to fastest: sea freight, ocean-air combinations, consolidators, air freight providers, and integrators.

The real value of the exercise is demonstrating to clients that there are other options available to them. As a freight forwarder, we knit together an astounding combination of some or all of these services, using air, land, and sea options to support their success. As a result, finding the optimal combination of time and money helps every aspect of their supply chain work together in harmony, providing a seamless connected experience that helps clients reach current customers, discover new ones, and expand their vision for what’s possible.

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## USPS Publishes a Battery of New Shipping Regulations

**Q: The United States Postal Service (USPS) published changes for shipping lithium batteries. How will that affect my shipments?**

**A:** On Jan. 26, 2015, the USPS published revisions to the domestic mail regulations that more closely align USPS requirements for shipping lithium batteries with those found in both the U.S. DOT and international regulations. The amendments take effect March 2, 2015. The amendments can be viewed at [bitly.com/1LT2De2](http://bitly.com/1LT2De2).

This revision significantly changed the USPS requirements for packages containing standalone lithium cells or batteries, or lithium cells and batteries packed with or contained in equipment. Packages must now be marked and accompanied by a document that indicates: it contains “lithium metal” or “lithium ion” cells/batteries; it is to be handled with care and that a flammability hazard exists if package is damaged; special procedures must be followed in the event the package is damaged; and a telephone number for additional information. A peel away document is authorized, such as Labelmaster’s Lithium Battery Peel Away Documents.



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The USPS revisions also prohibit the lithium battery handling label for international shipments where only lithium batteries contained in equipment with fewer than two batteries or four cells are permitted. Some companies choose to not take advantage of the package marking exception on packages that do not require them (e.g. a package containing a single laptop computer). These packages will not be authorized for international mail shipments.

**Q: How do lithium battery regulations differ when shipping to or from Canada versus the United States?**

**A:** On Dec. 31, 2014, regulations amending the Transport of Dangerous Goods Regulations were published in the Canada Gazette Part II, Vol.148, No.27 as SOR/2014-306. The amendments include significant changes to the Transport of Dangerous Goods Regulations (TDGR) concerning lithium batteries and

most will go into effect June 31, 2015. The full text can be viewed at [bit.ly/1wsKctU](http://bit.ly/1wsKctU).

Consistent with PHMSA’s Final Rule HM-224F, Transport Canada will amend the TDGR to align with international standards (ICAO/UN Recommendations) on the transport of lithium batteries. Changes incorporated into this rule amendment include the following: Aligning with international requirements, such as new requirements for hazard communication (lithium battery handling label and accompanying document, in most cases); revised lithium cell and battery size limitations; and the requirement for the watt-hour rating to be marked on the outside case of lithium ion batteries, the addition of international shipping descriptions and prohibiting lithium metal batteries on passenger aircraft.

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## How Omni-Channel Commerce Is Changing Traditional Supply Chains

With the introduction of online (e) and mobile (m) commerce, consumers are now more comfortable than ever making purchases from any place, at any time, on virtually any device. This shift in consumer behavior has changed how goods and products flow through the supply chain to the end user. As a result, supply chain partners are now required to respond to not only the



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brick-and-mortar retail stores by emphasizing online, direct-to-consumer shopping.

Additionally, buyers are no longer content to wait for inventory to arrive in a store. Instead, they will search the Internet and find a competitor offering quick delivery. Shipping time is a decisive factor for buyers making an online purchase. This means a proactive and responsive supply chain is the key to maintaining market relevancy.

To counteract the impersonal online shopping experience, companies must now reflect their brand identity in every part of order fulfillment. From customized packing slips to gift-wrapping, the most effective supply chains highlight brand personality. Today, companies face the task of fostering loyalty among customers who have never stepped into a store.

### Q: How has omni-channel commerce changed the supply chain from a provider's perspective?

**A:** One major adjustment has been responding to workflow changes. Online orders spike at the beginning of the week, reaching a peak on Monday and slowly declining through the middle of the week. Prior to the rise in omni-channel commerce, weekly order volumes were not nearly as front-loaded.

We have also seen an increase in small pick-and-pack orders. Before online shopping boosted

needs of brick-and-mortar stores, but also to e-commerce and m-commerce customer demands. Omni-channel commerce encompasses these various ordering and fulfillment channels of the supply chain.

### Q: How has omni-channel commerce changed the traditional supply chain?

**A:** The traditional supply chain model revolved around transporting bulk product to brick-and-mortar retail stores or distribution centers that would handle small volumes of direct-to-consumer catalog orders. The ease and convenience of online shopping altered this model by significantly increasing the amount of direct-to-consumer orders.

As a result, retailers are mitigating the high carrying and employment costs associated with

direct-to-consumer shipping, manufacturers mostly shipped bulk orders to warehouses or retail distribution centers. Today, e-fulfillment solutions focus on effectively moving small pick-and-pack orders of one or two items.

In response, traditional parcel providers such as UPS and FedEx are developing postal solutions that accommodate lighter parcels with quick shipping options. The traditional supply chain model was built upon moving large shipments exceeding 30 pounds. Today, companies are tasked with fulfilling pick-and-pack orders that average one pound. This means postal services, and not traditional freight carriers, may offer the most economical transportation rates.

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